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Pt. 21-23

NATIONAL DEFENSE MIGRATION

HEARINGS

BEFORE THE

SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE MIGRATION HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

H. Res. 113

A RESOLUTION TO INQUIRE FURTHER INTO THE INTERSTATE MIGRATION OF CITIZENS, EMPHASIZING THE PRESENT AND POTENTIAL CONSEQUENCES OF THE MIGRATION CAUSED BY THE NATIONAL DEFENSE PROGRAM

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PART 21

HASTINGS HEARINGS

NOVEMBER 24, 1941

Printed for the use of the Select Committee Investigating National Defense Migration

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Printed for the use of the Select Committee Investigating National Defense Migration

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SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE MIGRATION

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II

May 23, 1942

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NATIONAL DEFENSE MIGRATION

MONDAY, NOVEMBER 24, 1941

MORNING SESSION

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 9:30 a. m. in the post-office building, Hastings, Nebr., Hon. Carl T. Curtis presiding in the absence of the committee chairman, Representative John H. Tolan, of California.

Present were: Representatives Carl T. Curtis (acting chairman), of Nebraska; Laurence F. Arnold, of Illinois; Frank C. Osmers, Jr., of New Jersey; and John J. Sparkman, of Alabama.

Also present: Dr. Robert K. Lamb, staff director; Francis X. Riley, field investigator; and Mrs. L. McEnroe, field secretary.

The CHAIRMAN. The committee will please come to order.

Mr. Harm, will you take the witness stand, please?

TESTIMONY OF HON. WILLIAM HARM, MAYOR OF HASTINGS, NEBR.

The CHAIRMAN. I might say to our Nebraska friends that we are delighted that this committee could come here.

Before we start to interrogate the witnesses, I should like to introduce the members of the committee. On my right is Congressman Laurence F. Arnold, of Illinois; on my immediate left is Congressman John J. Sparkman, of Alabama; and on my far left is Congressman Frank C. Osmers, Jr., of New Jersey.

Our chairman, Congressman John H. Tolan, of California, could not get here. This is the first time he has been absent from a committee hearing. We regret very much that he will be unable to conduct these proceedings.

Mr. Harm, will you give your full name and tell in what capacity you appear here?

Mr. HARM. William Harm, mayor of Hastings.

The CHAIRMAN. How long have you lived in Hastings?

Mr. HARM. Over 50 years.

The CHAIRMAN. How long have you been connected with the city government?

Mr. HARM. I have been connected with the city government for 29 years.

The CHAIRMAN. We have read your prepared statement, Mr. Harm, and it will be made a part of the record.

(The statement referred to above is as follows:)

STATEMENT BY HON. WILLIAM HARM, MAYOR, HASTINGS, NEBR.

I am submitting a few items regarding the conditions of real estate in Adams County as shown by our county records:

A survey made by the register of deeds in 1932 showed that 53 percent of the farms in Adams County were free of mortgage. The present estimate is less than 50 percent are free.

At present the county owns 697 lots in our city taken by tax sale, and 120 in other towns in our county taken by tax sale; practically all are vacant.

Title to 55 farms and 36 city properties have changed through foreclosure during the past 3 years.

During the period from 1933 to 1941, inclusive, there have been 1,401 farm mortgages filed on Adams County farms.

During the same period there have been 2,283 mortgages filed against city and town properties.

The larger part of these have been because of the necessity to make new loans or refinance, due to the lack of production and income of the owners of the property.

In the total sum of these, compared to present market or sale value as against the value at the beginning of the period, there seems to be an enormous increase of indebtedness caused by drought and no employment for our citizens.

But I find that a considerable amount of properties are under contract agreement because of financial difficulties of the record-owners and these naturally do not appear on the record as having been lost by said record owners.

And through my investigation of farm conditions I find a great shortage in hogs and cattle over our county caused by drouth and no funds to purchase feed with by our farmers.

Of course, our few industries are a great help to our city. Agriculture is our natural recourse, but in the last several years our resource has not produced any crops because of drouth.

I would hesitate to predict what would have happened to the merchants of our city without the help of our Federal Government promoting Work Projects Administration project and relief rolls.

Our city's bonded indebtedness is now $313,000 and our schools' bonded indebtedness is $349,000 up to July 1, 1941, making a total of $662,000 of outstanding bonded indebtedness against our city and our schools.

Our assessed valuation for our city in 1934 was approximately $19,000,000 but today it has declined in value to approximately $12,500,000 showing a decrease of approximately $6,000,000 in the past 7 years.

These figures pertain to the personal and real estate taxes that have been collected in Adams County up to the 1940 taxes.

	City of Hastings only			
	1936	1937	1938	1939
Percentage collected:	*Percent*	*Percent*	*Percent*	*Percent*
Personal taxes	88	87	86	83
Real estate taxes	94	93	92	89

This is a brief report from the relief office, November 1, 1941: 273 persons working on Work Projects Administration projects, of which number 159 were men and 114 were women; 220 families were on direct relief, the larger number of these are classed as nonemployables. Number of families receiving assistance and on work program, old-age assistance, aid to dependent children and to the blind, direct relief, Work Projects Administration, Civilian Conservation Corps, child welfare, and crippled children is 1,025 households.

TESTIMONY OF HON. WILLIAM HARM—Resumed

The CHAIRMAN. What does Hastings depend upon for its economic existence?

Mr. HARM. We have some industry, but our main source of income is agriculture.

The CHAIRMAN. At least in years past it has been primarily agricultural. Is that right?

Mr. HARM. Yes, sir. We haven't raised much in the last 10 years, but it is still agriculture.

The CHAIRMAN. What has been the condition of Hastings in the last year under the defense program both in industry and agriculture?

Mr. HARM. It is causing a hardship on the small merchants. It is making it hard for the city to promote W. P. A. projects. It is making it hard for the city to get materials. I should like at this time to read from my notes [reading]:

The outlook for the Work Projects Administration program in Hastings, Nebr., for this winter at least is not very promising.

A few weeks ago the city completed a large project employing as many as 160 men at one time. This week the last of the projects that we have been working on will be finished. This will necessitate the laying off of the last 60 of the men.

The city is sponsoring a project for installing 240 concrete electrolier posts. This project is approved and ready to go as soon as we can get the cable. The city has asked for priority on $7,000 worth of cable, but it looks as if it will be spring at least before the cable can be delivered.

The city spent $700 for plans and specifications for improvement at the city sewage-treatment plant. This was to be a Work Projects Administration project. Because much equipment is required it is not safe to proceed because of priorities requirements.

All other projects that the city is ready to sponsor are paving improvements, which cannot be worked on till spring.

Now, that is the condition in our city. We have a lot of things in mind to do, but we have been having a hard time to get priority rights and create labor for the unemployed.

The CHAIRMAN. Will you tell the committee something about the municipal power plant you have here? How large is it?

Mr. HARM. We estimate its value at $12,000,000. We think it is a wonderful plant. It employs approximately 75 people. That is a pay roll of more than $100,000 a year.

The CHAIRMAN. Can this plant furnish the power demands for more industry?

Mr. HARM. Yes, indeed.

The CHAIRMAN. Has it further capacity?

Mr. HARM. Ample capacity.

The CHAIRMAN. What change has taken place in the population of Hastings from the 1930 census to the 1940 census?

Mr. HARM. There was a decrease in population. It is almost unbelievable.

The CHAIRMAN. Has that continued during the defense program?

Mr. HARM. Yes; I think this summer it has been very serious.

The CHAIRMAN. What type of people are you losing?

Mr. HARM. Those in the 21–40 age group. We have the older people on W. P. A.

The CHAIRMAN. Do you know where those younger people are going?

Mr. HARM. California, mostly.

The CHAIRMAN. Do they just happen to go out there, or has there been soliciting?

Mr. HARM. Many of these families have children of working age. The younger people move out there, and then send for their parents. The parents sell their furniture and property, and are gone.

The CHAIRMAN. Are those young people skilled or unskilled workers?

Mr. HARM. Mostly skilled.

The CHAIRMAN. I believe that is all. Thank you, Mr. Harm.

Our next witness is Mr. Johnson.

TESTIMONY OF GEORGE E. JOHNSON, GENERAL MANAGER, CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT, HASTINGS, NEBR.

The CHAIRMAN. Mr. Johnson, Congressman Sparkman will interrogate you. I might say that Mr. Sparkman comes from the T. V. A. territory. He is a member of the Military Affairs Committee, and is familiar with the power situation throughout the country.

Mr. SPARKMAN. Will you state your name, please, and the capacity in which you are appearing?

Mr. JOHNSON. George E. Johnson, general manager, Central Nebraska Public Power and Irrigation District.

Mr. SPARKMAN. Mr. Johnson, I have been looking over the statement that you and Mr. Canaday have filed with the committee. We will not have you go over that statement in full, but in its entirety it will be printed in our record.

(The statement referred to above is as follows:)

STATEMENT BY GEORGE E. JOHNSON, CHIEF ENGINEER AND GENERAL MANAGER, AND R. O. CANADAY, SECRETARY AND CHIEF COUNSEL, CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT, HASTINGS, NEBR.

This statement deals with population trends in the four counties comprising the central Nebraska public power and irrigation district. These counties are Adams, Kearney, Phelps, and Gosper.

The following tables, taken from the United States census reports, show the population of these counties from 1910 to 1940, both years inclusive:

Year	Farm	City and village	Total	Year	Farm	City and village	Total
Adams County:				Gosper County:			
1910	9,557	11,343	20,900	1910	4,279	654	4,933
1920	8,973	13,648	22,621	1920	3,967	702	4,669
1930	8,868	17,407	26,275	1930	3,613	674	4,287
1940	7,717	16,839	24,556	1940	2,893	791	3,684
Kearney County:				Total for the four counties:			
1910	6,771	2,335	9,106	1910	26,851	18,539	45,390
1920	6,046	2,537	8,593	1920	24,438	21,335	45,783
1930	5,418	2,676	8,094	1930	22,715	25,202	47,917
1940	4,148	2,692	6,840	1940	18,689	24,839	43,528
Phelps County:							
1910	6,244	4,207	10,451				
1920	5,452	4,448	9,900				
1930	4,816	4,445	9,261				
1940	3,931	4,517	8,448				

From the foregoing table the following facts stand out:

1. There has been a steady decline in the farm population during the last 30 years.

2. This decline has been about constant and was not greatly accelerated by the drought of the last 10 years.

3. The population of all the cities and towns, except in Adams County (Hastings), has remained about the same.

4. The city population in Adams County (Hastings) grew rapidly during the first 20 years of the period covered and then declined during the last 10 years.

Hastings, Minden, and Holdrege are the largest towns in this area. Minden and Holdredge show slight increases in population during the last 10-year period. Hastings' population decreased from 15,490 in 1930 to 15,145 in 1940.

Every town in the State with a population of 10,000 or more increased in population except Hastings and Norfolk.

The following table shows a comparison of the population trends of these four counties in comparison with the State as a whole:

	State			Four counties		
	Population	Increase or decrease	Percent	Population	Increase or decrease	Percent
1910	881,362			26,851		
1920	891,079	9,717	1.1	24,438	−2,413	−9−
1930	891,686	777	.1	22,715	−1,715	−7+
1940	801,686	−90,170	−10.1	18,689	−2,026	−8.8+

During the first 20 years of this period the farm population of the State was about stable, showing a slight decrease. But the farm population of these 4 counties decreased. During the last 10 years the percentage of decrease was greater throughout the State as a whole than it was in those 4 counties. The State's loss was over 10 percent. The four counties' loss was 8.8 percent. The loss in these four counties has been at about a constant ratio for 30 years. The State as a whole has suffered no loss except during the last 10 years. The loss of farm population to the State as a whole for the 30-year period was 79,676 or about 11 percent. The loss in these 4 counties during the same period was 8,162 or slightly more than 30 percent.

The urban population in the State in 1910 was 310,852. In 1940 it was 514,148. This is an increase of 203,296 or a little less than 85 percent. During this same period the urban population in these 4 counties decreased 1,862 or about 4 percent.

The causes of this decline in rural population are many.

Mechanization of farming has the same effect on the number of men engaged in farming as it has on men engaged in industry. One man with a high-powered tractor and heavy machinery can now do the work formerly requiring many men using light, horse-drawn equipment. This is true especially with reference to grain crops.

Living conditions on the farm have not been attractive. The farm boy or girl who, in the middle of winter, was compelled to take his or her Saturday night bath in the family washtub in the kitchen before a cob fire in the cook stove, and had other conditions equally bad to put up with, cannot be blamed if he determined to change his environment.

But the real reason for this migration from the farm in this particular territory may be found in the following table, for which we are indebted to Mr. Val Kuska, colonization agent of the Burlington Railroad:

Population, area, size, number and value of farms, and principal crops in Adams, Gosper, Kearney, and Phelps Counties, Nebr., 1890–1940

ADAMS COUNTY

	1890	1900	1910	1920	1925	1930	1935	1940
Population	24,303	18,840	20,900	22,621	----------	26,275	----------	24,576
Land area, acres (approximate)	----------	----------	----------	----------	----------	361,600	361,600	359,680
Land in farms, acres	----------	----------	----------	346,616	335,183	347,545	345,782	338,644
Number of farms	1,764	1,949	1,831	1,688	----------	1,670	1,759	1,715
Average size of farms, acres	172	----------	----------	305	----------	200	197	233
Acres of improved land tilled	281,307	305,465	307,154	----------	256,782	269,642	----------	----------
Value of farms and improvements	$6,941,830	$9,332,300	$31,371,510	$39,717,250	$30,207,957	$28,712,536	$16,290,788	$10,381,266
Estimate of production	$1,222,420	----------	$3,565,148	$6,453,329	$5,782,257	$3,389,586	----------	----------
Corn:								
Acres	95,584	----------	90,042	67,452	93,280	99,059	250	26,467
Bushels	4,102,814	----------	1,327,464	1,900,049	2,512,774	2,075,719	190	130,687
Oats:								
Acres	43,748	----------	22,338	18,245	24,498	26,285	558	15,729
Bushels	1,266,321	----------	534,630	561,151	601,192	705,990	2,030	240,476
Wheat:								
Acres	27,118	----------	113,129	139,583	95,917	97,951	51,804	101,857
Bushels	335,495	----------	2,250,868	1,167,991	206,966	1,160,859	179,961	1,115,935
Alfalfa:								
Acres	[1] 23,043	----------	16,641	13,328	14,589	11,392	6,043	1,429
Tons	[1] 26,272	----------	29,232	23,626	----------	14,459	3,358	864

[1] All hay; alfalfa not grown until later.

GOSPER COUNTY

Population	4,816	5,301	4,933	4,669	----------	4,287	----------	3,687
Land area, acres (approximate)	----------	----------	----------	----------	----------	296,960	296,960	298,240
Land in farms, acres	----------	----------	----------	288,397	277,648	276,385	284,168	276,712
Number of farms	877	1,013	915	882	----------	902	869	767
Average size of farms, acres	209	----------	----------	327	307	329	327	361
Acres of improved land tilled	121,039	22,938	178,239	----------	157,342	158,677	----------	----------
Value of farms and improvements	$2,083,750	$2,432,560	$11,036,315	$18,517,706	$15,032,712	$13,914,085	$9,263,619	$6,113,952
Estimate of production	$386,750	----------	$1,106,602	$4,110,843	$2,697,342	$1,568,844	----------	----------
Corn:								
Acres	42,497	----------	70,736	74,232	94,954	101,684	5	17,479
Bushels	1,293,931	----------	890,785	1,800,903	2,088,733	1,583,331	60	73,747
Oats:								
Acres	7,687	----------	14,456	3,371	3,406	4,430	45	1,150
Bushels	155,653	----------	247,132	104,163	75,122	147,172	48	7,788
Wheat:								
Acres	18,099	----------	30,981	45,535	23,964	16,593	8,521	7,182
Bushels	219,089	----------	39,244	529,208	345,033	21,904	32,357	45,415
Alfalfa:								
Acres	[1] 11,315	----------	4,159	2,819	3,762	2,608	1,539	823
Tons	[1] 12,997	----------	6,832	4,161	----------	4,430	1,432	1,217

KEARNEY COUNTY

Population	9,061	9,866	9,106	8,583	----------	8,094	----------	6,854
Land area, acres (approximate)	----------	----------	----------	----------	----------	330,240	330,240	327,680
Land in farms, acres	----------	----------	----------	308,800	313,803	307,345	321,273	319,332
Number of farms	1,409	1,509	1,376	1,306	1,335	1,249	1,222	1,155
Average size of farms, acres	178	----------	----------	236	235	246	263	276
Acres of improved land tilled	192,200	266,017	264,778	----------	232,136	232,681	----------	----------
Value of farms and improvements	$4,618,570	$7,114,980	$22,180,405	$32,808,800	$25,117,795	$23,716,296	$14,980,715	$10,953,798
Estimate of production	$849,320	----------	$2,828,856	$6,693,807	$4,521,162	$2,058,158	----------	----------
Corn:								
Acres	64,671	66,547	80,385	66,547	88,527	70,968	478	42,649
Bushels	2,772,266	2,093,900	1,429,781	2,093,900	2,085,856	808,053	2,260	296,058
Oats:								
Acres	19,468	9,096	21,962	9,096	18,896	13,026	2,466	6,612
Bushels	365,269	247,456	571,692	247,456	371,856	316,165	12,331	106,758
Wheat:								
Acres	41,550	113,153	85,305	113,153	81,828	91,394	71,404	59,274
Bushels	536,101	1,369,348	1,613,451	1,369,348	1,535,471	969,557	320,468	496,039
Alfalfa:								
Acres	23,977	8,640	11,762	8,640	12,855	9,496	7,799	1,891
Tons	25,917	15,003	19,095	15,003	----------	11,154	4,182	1,666

PHELPS COUNTY

Population	9,869	10,772	10,451	9,900	----------	9,261	----------	8,452
Land area, acres (approximate)	----------	----------	----------	----------	----------	344,320	344,320	348,800
Land in farms, acres	----------	----------	----------	323,359	312,964	326,425	331,963	327,152
Number of farms	1,275	1,452	1,459	1,271	1,219	1,196	1,210	1,161
Average size of farms, acres	194	----------	----------	254	256	272	274	282
Acres of improved land tilled	214,393	261,182	300,565	----------	232,374	245,865	----------	----------
Value of farms and improvements	$4,400,810	$6,963,950	$21,495,125	$30,859,720	$24,679,865	$23,943,055	$16,906,967	$13,067,534
Estimate of production	$866,280	----------	$2,370,094	$6,621,884	$3,994,404	$1,954,948	----------	----------
Corn:								
Acres	63,234	82,354	90,596	82,354	97,143	94,543	157	51,862
Bushels	2,704,055	2,521,884	1,445,415	2,521,884	2,179,089	1,071,421	515	289,097
Oats:								
Acres	23,371	6,246	26,617	6,246	6,246	6,130	327	4,376
Bushels	810,910	174,869	566,119	174,869	129,424	145,820	1,473	63,688
Wheat:								
Acres	32,764	107,372	77,433	107,372	81,167	77,653	52,472	48,424
Bushels	489,336	1,088,322	1,258,842	1,088,322	1,187,216	778,928	235,686	429,855
Alfalfa:								
Acres	[1]22,766	6,837	10,065	6,837	9,965	6,203	4,563	2,076
Tons	[1]24,628	12,951	14,928	12,951	----------	7,719	3,224	2,610

The foregoing statistics would perhaps have given a more accurate picture if every year had been included or averages for definite periods used. Weather conditions fluctuate so that, by using individual years, coming at regular intervals, we may, even over as long a period of time as that used, not get the complete trend.

The foregoing tables show certain definite trends. In the first place the peak was reached about 1910 or in the period between 1910 and 1920. There has been a definite decline in the number of farms (with a corresponding increase in acreage in each unit) and in crop yields per acre since that date. Of particular interest is the decline in the amount of alfalfa from the peak in 1910. All of these tendencies became more pronounced during the long and severe drought of the last few years.

The fact that these tendencies have continued during periods of normal as well as subnormal rainfall show that subnormal precipitation is not the real cause that brought on this situation.

In analyzing the causes of this situation in a paper presented at a meeting of the Land Reclamation Division of the American Society of Agricultural Engineers in December 1929, entitled, "The Use of Supplemental Water," J. C. Russell, professor of soils of the University of Nebraska, said in part:

"In the very heart of the Great Plains in central Nebraska there lie 450,000 acres of land in one continuous tract, flat as a table, sloping eastward 6 to 8 feet to the mile, of loess soil 100 feet deep, adequately drained, and of potentially high productive quality, traversed by highways and rails, occupied for many years by a stable population of farmers and townsmen and supporting well-organized agricultural activities on railfall alone.

"It is not an arid section. It is not even marginal dry-farming land. It is a region of corn and wheat fields, 4 acres of corn for every 3 acres of wheat, and 8 acres in corn and wheat out of every 10. In its virgin condition it was covered with little blue stem. Its average annual rainfall over a long period of years has been about 24 inches. It is a region where county corn yeilds are occasionally as high as 40 bushels and wheat as high as 25 bushels. But it is a region of uncertainties.

"In 1913 corn yielded 2 bushels per acre and wheat 9.6 bushels. In 1926 corn yielded 5 bushels per acre, and wheat 5.3 bushels. One-third of the time the yield of corn is under 15 bushels and the yield of wheat is under 8.5 bushels.

"It is a region of fitful drought. In 23 years in the western third of this area there have been 65 occasions averaging 48 days in length, between April 1 and October 31, when not more than 1 inch of effective rain has fallen. In 1922 the western third of this area went 109 days with only one rain of over one-half inch.

"Flowing by this region on the north, a few miles away in a deeply cut valley, is the Platte River carrying enough water at seasons, if stored, to supply these 450,000 acres with better than 12 inches of water over all.

"Some 15 years ago a group of citizens actuated by the drought disaster of 1913 sponsored a movement to divert the waters of the Platte in seasons of flood, and store them in the retentive loess subsoil against periods of drought. Their idea was not to irrigate, in the accepted sense of the word, but to supplement rainfall. They called it supplemental irrigation.

"It is not the purpose of this paper to explain the proposed tricounty supplemental project of central Nebraska. It shall be referred to from time to time as illustrative material with which the writer is familiar. The real purpose of this paper is to discuss the philosophy, theory, and practice of supplemental irrigation.

"Supplemental irrigation has been defined as the practice of artificially supplying to the soil sufficient water to carry crops through periods of drought and to make up the difference between the crop requirements and rainfall in seasons when rainfall alone is inadequate. It is irrigation in regions where rainfall contributes a substantial but indefinite portion of the crop's water requirements. It is a comparatively new idea. Is it necessary? Will it work? How should it be done?

"First. Is it necessary?

"Perhaps it seems strange that a section like Adams, Kearney, and Phelps Counties in central Nebraska should be brought under cultivation, become completely settled, develop a complex but stabilized agriculture, and thriving cities and towns, and then after 40 or 50 years the complaint be voiced that rainfall is inadequate and supplemental irrigation is required.

"Perhaps you think that the complaint against inadequate rainfall is a fancied one and will cease to be heard when the national agricultural situation is alleviated.

"Perhaps you are one who feels that as a general principle it is economically and socially unsound to project irrigation eastward into stabilized nonirrigation farming regions when land awaits colonization in existing Government reclamation projects, or when thousands of acres of humid country could be reclaimed by drainage or terrace construction.

"I assert that the complaint of central Nebraska against inadequate water, coming at this stage of agricultural development, is inevitable and that it marks the beginning of a problem of reclamation in portions of the Great Plains as important in national welfare as the comprehensive irrigation developments in arid territory.

"I have three reasons for making this assertion:

"First: The Great Plains country was settled in a pioneer stage of national development by peoples who willed to withstand its rigors, who put what they won from it back into it, and who thereby created national wealth just as in all other sections of the country. But the pioneer spirit no longer exists. The Nation is in a new stage of development. Those who possess the land now find that it is overevaluated. And in the Great Plains its value must either decline, which would be a national calamity, or its value must be stabilized by mitigation of the hazard of drought.

"Second. The newness of the land has worn off and its fertility has declined, and its earning power has been impaired. We know now what we did not know in the beginning or even 20 years ago, namely, that it is not possible to maintain fertility without irrigation in a region that is subject to frequent drought.

"This statement may call for additional explanation. In Adams, Kearney, and Phelps Counties, Nebr., which are illustrative of a condition which extends southward across Kansas and northward into South Dakota, there are only 4.6 acres of legumes today for every 100 acres of land under cultivation, and the acreage is declining. It is hazardous and uneconomical to grow them, hazardous because crops 'burn up' more quickly on legume land, and uneconomical because legumes are heavy users of water and rainfall alone is insufficient for satisfactory tonnage.

"Because there are no legumes there is no cattle feeding and therefore no manure. Unless it should transpire that nitrogen fertilizers can be used to advantage, and this is highly problematic, there is no way known to maintain the soil at the high productive level of its early years without supplementary rainfall.

"The third reason for my assertion that the complaint of inadequate water in the Great Plains is an inevitable one is that the efficiency of precipitation is growing less. It is growing less for the reason that the silty soil of central Kansas, Nebrask, and Dakota is losing or has already lost its virgin porous structure, and is less receptive of rains than it formerly was, and forms and inferior natural or artificial mulch and loses water more rapidly. Also as a result of the decline in fertility it probably takes more water to produce a pound of dry matter."

In describing the particular area under discussion in Bulletin 311 entitled "Benefits of Irrigation From the Kingsley Reservoir," published by the University of Nebraska College of Agriculture, Frank Miller and H. C. Filley, of the department of rural economics, said:

"The area that will receive irrigation benefits lies within the Platte River watershed in Adams, Buffalo, Dawson, Gosper, Hall, Kearney, Lincoln, and Phelps Counties. It is a small part of the vast belt of land, tilted against the east base of the Rocky Mountains, known as the Great Plains region. Settlement in this area was under way as early as 1870, but the main part of the land was homesteaded or purchased by actual farmers between 1880 and 1890.

"These settlers plowed up the native vegetation which was adapted to the climate. For centuries it had been adding humus to the plant nutrients found in the soil-forming material. The vegetative carpet had retarded run-off during infrequent rainstorms and had caused moisture to be stored in the soil. During the early years of cultivation the reserve of decaying vegetable matter left by the native grasses held the soil particles together so that rainfall was easily absorbed. The mineral elements in the soil, its humus content which supplied nitrogen, and the reserve subsoil moisture all contributed to crop yields. Unfortunately the productivity of the land has declined with cultivation and its earning power has decreased. The silty soil is losing or has already lost its virgin porous structure, and is less receptive of rains than it formerly was. The surface is powdery. It forms an inferior natural or artificial mulch and loses water more rapidly. Wind and water erosion have taken their toll of fertility.

As a result of these changed conditions, it probably takes more water to produce a pound of dry matter in crops than it took under virgin conditions.

"It is not possible to maintain productivity without irrigation in a region that is subject to frequent drought. In the upland area of the irrigation district there are only 3.7 acres of alfalfa for each 100 acres of land under cultivation. Other legumes are less common. It is hazardous to grow them, for crops 'burn up' quickly on legume land.

"Alfalfa, which is well adapted, is deep rooted. It has the highest water requirement for producing a pound of dry matter of any of the common farm crops and draws heavily upon subsoil moisture. When a stand is left for a 6-year period the moisture is removed to a depth of 20 to 35 feet. Normal rainfall may not replace a like amount of water for at least a generation. Yields on reseeded land depend largely upon annual precipitation. They are usually so light that reseeding is not considered a profitable farm practice. The practice of using this important crop in a rotation is seldom found on the unirrigated land of the area.

"Sweetclover can be grown successfully on most of the land, but is little used. Nitrogen which is added to the soil stimulates growth. In the early part of the season, when water is available, crops which follow clover grow vigorously. Later, when dry weather comes, there is little or no moisture reserve in the subsoil and the crops suffer.

"The roots of the grain crops commonly grown in the region do not penetrate the soil as deeply as do the roots of alfalfa and sweetclover. But continuous cropping of corn and small grain, under present practices, has depleted the humus left by centuries of natural vegetative growth.

"Humus is an important constituent of a fertile soil. It performs three important functions. In the first place this decayed organic matter binds the soil particles into granules so that the erosive effect of wind and water is materially reduced. In the second place, humus has a large water-holding capacity and absorbs rainfall in much the same way that a sponge takes up water. Lastly, humus nourishes bacteria which make nitrogen available for plant growth. This important constituent has been disappearing from the soils of central Nebraska. It can be returned by the use of alfalfa and sweetclover in rotations, but farmers do not use these crops extensively because of the reasons previously given."

From the foregoing we see the picture of what is happening to this country and the reasons for it. The answer to the problem is, of course, to stabilize production and farm prices. How to do these things offers the real difficulty.

A benevolent, sympathetic, and understanding national administration has gone a long way to help solve these problems. The Rural Electrification Administration has brought many of the conveniences, even the luxuries, of the modern home, to the farm and made it a much more attractive place to live.

The Agricultural Adjustment Administration has brought the farmers together for serious study and cooperation in the solution of their problems. New methods of farming to conserve soil and moisture have been introduced. New crops more resistant to drought have been introduced also. The shelterbelt tree-planting program has made its contribution. All of these things, introduced during the last few years, are helping solve the problem.

By far the most important step yet taken in the area under discussion is the placing of about 200,000 acres of land under irrigation by the central Nebraska public power and irrigation district (the tricounty project). This great project is just getting under way. It will render complete service to its irrigators for the first time in 1942. But with its incomplete works it has been able to furnish some water for irrigation. From results already obtained the most optimistic hopes of its promoters seem assured of realization. Corn irrigated this year is producing from 70 to 90 bushels per acre in fields that, for several years, had not produced enough to pay their taxes. Barley planted on land which received irrigation in the spring of 1940, but has not been irrigated since, as a result of subsoil storage from that irrigation, produced 10 bushels more per acre than barley on adjacent land that had never been irrigated. Wheat showed similar results. The alfalfa acreage in this irrigated territory is being greatly extended. Farms are already being divided up and made smaller.

What has happened in Scotts Bluff County offers the best illustration of what will happen in this area when the 200,000 acres under this project are completely irrigated. There are about 200,000 acres of irrigated land in Scotts Bluff County. While there was some irrigation before 1910, successful irrigation started about that time with the completion of the Pathfinder Reservoir. With-

out irrigation Scotts Bluff County would be comparable to other counties in the west end of the State that do not have irrigation.

The Burlington Railroad would probably not have been built up the North Platte Valley and the city of Scottsbluff, a city of 12,000 people, and several smaller towns would never have come into existence. Scotts Bluff County today has an assessed valuation for tax purposes of $26,000,000. Without irrigation it would probably have had an assessed valuation of $6,000,000. Scotts Bluff County supports a population of 33,917 people. Without irrigation, its population would probably not exceed 5,000.

Given irrigation, the territory under consideration should exceed the progress made in Scotts Bluff County. The 200,000 acres to be irrigated by the tricounty project should bring better results than the 200,000 irrigated acres in Scotts Bluff County. The tricounty area has better, more uniform soil. It is 200 miles closer to market. Irrigation for this area will be cheaper. Its growing seasons are longer.

The following table, prepared by Mr. Val Kuska, colonization agent of the Burlington Railroad, showing the effect of irrigating 200,000 acres of land in Scotts Bluff County, illustrates very vividly what can reasonably be expected from the irrigation of the 200,000 acres of land now susceptible to irrigation under the tricounty project:

Population, area, size, number, and value of farms, and principal crops, Scotts Bluff County, Nebr., 1890–1940

	1890	1900	1910	1920	1925	1930	1935	1940
Population	1,888	2,552	8,355	20,710	----------	28,644	----------	33,917
Land area, acres (approximately)	----------	----------	----------	----------	----------	462,720	462,720	464,640
Land in farms, acres	----------	----------	----------	281,492	339,414	378,683	420,819	468,032
Number of farms	426	421	1,128	1,391	1,513	1,793	1,977	1,900
Average size of farms, acres	217	----------	----------	202	224	211	213	246
Acres of improved land tilled	24,476	39,490	121,413	----------	179,600	201,686	----------	----------
Value of farms and improvements	$594,600	$1,182,510	$11,193,360	$31,432,035	$22,048,009	$23,496,180	----------	----------
Estimate of production	$54,490	----------	$1,060,355	$7,560,796	$5,863,945	$8,865,863	$5,881,370	$7,131,490
Corn:								
Acres	4,787	3,163	9,692	10,910	22,676	17,660	9,119	20,877
Bushels	28,507	14,110	145,660	166,015	340,875	434,315	165,234	614,601
Oats:								
Acres	199	1,676	15,709	9,387	11,503	12,102	11,836	9,158
Bushels	3,139	53,150	435,443	280,369	391,533	534,239	423,916	269,713
Wheat:								
Acres	147	2,291	5,677	18,862	22,741	20,243	8,298	8,214
Bushels	1,311	39,950	84,063	287,394	383,673	391,607	85,445	84,897
Alfalfa:								
Acres	[1] 5,424	8,189	13,834	35,251	34,802	40,396	34,270	27,164
Tons	[1] 5,473	23,050	32,824	81,288	----------	108,613	76,078	66,206
Potatoes:								
Acres	388	101	6,452	4,361	3,893	10,654	----------	----------
Bushels	13,768	9,002	774,815	435,669	610,165	1,625,603	----------	----------
Sugar beets:								
Acres	----------	----------	2,219	33,076	40,636	50,796	----------	----------
Tons	----------	----------	23,825	353,926	495,784	621,853	----------	----------

The stabilization of crop production by irrigation and by the soil conservation program will not solve all of the problems with which this State is faced. Irrigation, at best, will only cover a small percentage of the total acreage of the State. The part of the State not irrigated will continue to have fluctuations in crops due to the changes in weather conditions. This country needs industries to take up the slack during the adverse crop years.

The industries we need most are those that would process what we raise. Chemurgy is opening many fields for the use of farm products. The plastic industry is in its infancy. We have a large number of raw materials for this industry that are being wasted each year, as corn stalks, grain sorghums, and straw. These materials can now be turned into products useful to industry if the processing plants are located where the wasted products exist. These products cannot profitably be harvested and shipped elsewhere. They will continue to be wasted and the territory continue to lose the income from them unless processing plants are constructed to use this surplus.

We now have a large area between North Platte, Hastings, and Grand Island that for the first time will have an adequate water supply. Canning factories can now be operated in this area with the assurance that they will be able to secure an ample supply of vegetables each year such as asparagus, peas, sweet corn, and tomatoes. We have had some irrigation in this territory for many years. However, due to the lack of storage water to carry over for the dry years, we have not been in a position to constantly raise crops which would justify the location of canning factories. Because they are perishable, none of these vegetable crops can be shipped out to be processed. Processing plants must be located where the products will reach them while it is fresh. Even alfalfa mills must be located where they can process the alfalfa immediately after it is harvested.

With the expansion of irrigation on a large scale the State will be able to produce innumerable varieties of crops but it will not have an adequate market for these crops unless processing plants are located in the area where the crops are raised so that the crops can be processed in season and used throughout the year. Wheat and corn can be raised and shipped elsewhere for processing; however, there is no logical reason why Nebraska wheat should be shipped to Minneapolis to be milled or corn to other States for milling purposes.

We have the potential facilities here. Local plants will supply work for our people when work on the farm is slack and will keep them from going elsewhere. Nebraska is developing its hydroelectric facilities. The three great public power districts with their interconnecting grid system and transmission lines now make power available in almost any part of the State at very reasonable cost.

Industries in this State do not necessarily need to be confined entirely to processing just what we raise here. We have in Hastings fine examples of various successful industries whose products are shipped all over the country. The Western Land Roller Co., manufacturers of irrigation pumps, farm machinery, and equipment, has successfully operated during the more adverse times, has had a substantial pay roll, and has contributed a great deal to the welfare of the people in this community. The same thing is true about the Rose Manufacturing Co., operated by the Dutton-Lainson Co., the Hastings Air Conditioning Co., Jaden Manufacturing Co., and others. Their success with small plants proves there can be a decentralization of some of the larger industries manufacturing similar products.

While the plant costs of larger industries may be less if all the work is done in one plant, the labor problems would be greatly lessened if such plants were divided into units and each unit located in a separate part of the country.

The manufacturer can locate a plant in this territory, buy a large tract of irrigated land, build homes on it for his workmen, give them enough land to raise a substantial garden, keep a cow, raise poultry and in this way, the laborer would produce a large part of his living. The manufacturer would find his labor much more satisfied and the cost to him lessened. With the coming of shorter hours in labor, a laboring man has adequate time to care for a home and garden of this kind. It would be a very wholesome thing for the country as a whole if this plan could be carried out on a large scale.

With reference to the power available at this time for such plants, the three hydro districts now have a surplus capacity of more than 100,000 kilowatts or 130,000 horsepower. The public power districts have also purchased a large number of steam generating plants and these plants have been tied into the electric grid system with the hydro plants and are now operated by the hydro districts. Other hydro plants may economically be installed at the Kingsley

Dam, using the water that is now coming down from storage in the 2,000,000 acre feet reservoir of the hydro districts; also below the Loup River public power-district's plant and on the Republican River. These plants could produce an additional 150,000 horsepower.

Regarding skilled labor for operating manufacturing plants, for many years our State University has been training men to operate and maintain all types of farm machinery, including tractors, automobiles, and trucks. Our State University since 1919 has operated the only State-controlled tractor-testing laboratory in the United States. On practically every farm we have someone who is skilled in the overhauling and rebuilding of all types of farm machinery. These men have very little difficulty in fitting themselves into the program of line production in manufacturing plants.

I believe the best example of the adaptation of this type of labor to manufacturing plants has been done by the Allison Motor Works. The construction of the Allison Motor requires very careful work by the mechanics and Mr. Allison states that he has had better service from the young men from the farm and manual training schools than from mechanics imported from the East who have learned their trade in other plants.

Now for suggestions of a program that will help solve these problems:

1. Extend irrigation: The Tri-County facilities can, at a comparatively small cost, be extended to irrigate from 200,000 to 300,000 more acres of land. The State has an adequate underground water supply to irrigate at least an equal amount. With the cheap power available from the hydroelectric projects this irrigation becomes more feasible. There are about 200,000 acres susceptible of successful irrigation from the Republican River and its tributaries. This development should be done now in conjunction with the flood control project on the Republican. If the above suggestions are followed, homes and a living will be provided for an increase in population greater than the loss to the entire State during the last 10 years.

2. Continue the farm program of soil conservation, and crops better fitted to local conditions. Continue the tree-planting program.

3. Extend the rural electrification program until every farm home is an attractive place to live.

4. Promote industry: Due to fluctuating weather conditions this territory's economy will not become stable until it has sufficient industries to take up the slack during the adverse crop years. We should have industries that will process what we raise. We should not be required to send our wheat to Minneapolis to be milled. Chemurgy is opening up new fields for the use of farm products. The plastic industry is in its infancy. Processing plants for these purposes should be built in this territory where the materials to be processed are produced.

The Government is building large industries for the production of defense materials. Some of these industries should be located here. Locating them here will furnish the temporary help that this country needs in order to make up for the loss of population due to people obtaining jobs in defense industries elsewhere.

But the chief reason we want and need a defense industry is this: If plants producing for our needs during peacetime can be converted into producers of war munitions, we believe that plants producing war supplies, when the emergency is over, can as readily be converted to producing for our peace needs. If large expenditures are made for permanent plants and a skilled personnel to operate those plants gathered together, these plants, if they can be converted into a peace industry, will be converted, and the development of industry which this country so much needs will be greatly accelerated.

(Attached hereto and as a part of this statement are supporting data.)

ANSWERS TO CERTAIN OBJECTIONS

Storing of Water Lowers the Water Table in the Platte Valley.

With reference to specific objections to the irrigation and hydroelectric program of the Tri-County district in particular and the other districts generally. It has been asserted that the Tri-County district is lowering the water table in the territory between Kearney and Central City and is ruining a prosperous valley. The adverse conditions in this area that have existed during the last few years have been blamed upon this district. The facts are that this district closed the outlet works at the Kingsley Reservoir and commenced

storing water about the 1st of February 1941. It had done nothing up to that time that could have any substantial effect upon the water table anywhere.

The answer to this criticism will be found in studies made by the United States Geological Survey cooperating with the geology department of the State University. A summary of these studies is found in the pamphlet entitled, "Studies of Relations of Rainfall and Run-off in the United States," Geological Survey Water-Supply Paper No. 772, published by the United States Government Printing Office in 1936. This summary, commencing on page 269 of this paper, is as follows:

"The advisory committee of the American Geophysical Union in a report to the water-planning committee, dated February 12, 1935, suggested, among other things, 'a study of the laws governing the ground-water supply to streams and the relation of ground-water levels to ground-water flow. This is important because ground water is the only source of supply to streams without surface storage during drought periods. Also in case of many crops, such as alfalfa, ground water is the principal source of moisture utilized by vegetation during drought periods when soil moisture is deficient.'

"In this connection a comparison of deficiencies in precipitation with decline of ground-water levels made in the Platte Valley in central Nebraska by Leland K. Wenzel, of the United States Geological Survey, is of interest. The results of this study are briefly outlined in the following statement prepared for the press, dated April 1, 1935. In connection with this statement it should be noted that water is pumped from wells for irrigation during the summer in the area east of Kearney, and hence the water-level fluctuations shown in the accompanying figure are not wholly caused by natural conditions. The part of the Platte Valley where irrigation is practiced with water diverted from the Platte River is somewhat separated from the part of the valley east of Kearney by a restriction in the valley, and it is believed that the effect of surface-water irrigation west of Kearney on the fluctuations of the water table in the area to the east is negligible.

"The water levels in about 100 wells in the Platte River Valley between Grand Island and Cozad, in central Nebraska, have been measured periodically since October 1930 by the United States Geological Survey in cooperation with the conservation and survey division of the University of Nebraska. In October 1934 the water levels in these wells stood from 1 to 8 feet lower than in October 1930, thus indicating a general decline of the ground-water table throughout this part of the Platte Valley. It has been greatest in part of the valley between Cozad and Kearney, ranging from 4 to 8 feet in an area north of Cozad and Lexington and from 3 to 4 feet in an area on the north side of the valley from Lexington to and beyond Kearney. This decline has been caused principally by subnormal precipitation, together with the relatively small amount of surface water available for irrigation, and thus for seepage to the ground-water table, in the last 4 years. N. H. Darton, of the United States Geological Survey, made an investigation in 1896 of the geology and ground-water conditions of southeastern Nebraska. The ground-water level in the vicinity of Lexington was then 20 to 22 feet below the land surface. At the present time it is only 7 to 10 feet below the land surface and hence is still from 10 to 15 feet above the level of 1896. The net rise since 1896 doubtless has been caused by seepage of water diverted from the Platte River for irrigation. In years when only comparatively little water flows, in the irrigation ditches—as during the last 4 years—the seepage is small, and therefore rather large declines of the water table occur. Rises of 1 to 4 feet of the water level in wells near Lexington were recorded in the fall of 1934, when surface water once more flowed in many of the canals near the city.

"East of Kearney the decline of the ground-water table has in general been less than west of Kearney. From Kearney to Shelton and south of Alda it has in general ranged from 2 to 3 feet, and in the vicinity of Wood River it has been less than 2 feet. The decline east of Kearney was smaller chiefly because the water table had not been built up prior to 1930 to any great extent by surface-water irrigation and also, perhaps, because east of Kearney the ground-water level is sustained to a greater extent by underflow from the northwest. Such decline as occurred was due chiefly to subnormal precipitation but in small part to the considerable quantity of ground water that was pumped for irrigation.

"A special study was made of the fluctuation of the water levels in 20 observation wells between Grand Island and Kearney and their relation to the precipitation. The results are shown in the accompanying graphs (fig. 88). One hydro-

graph shows the average water level at the end of successive 3-month periods from January 1931 to January 1935 in 14 wells in which the water levels stand more than 10 feet below the land surface. Another hydrograph similarly shows the average water levels in 6 wells with water levels less than 10 feet below its surface. The wells of the second group are in the same stretch of the Platte Valley as those of the first group but are nearer the river, where the water table is not far below the surface. A third graph shows the accumulative departure from normal precipitation as compiled from the records at Grand Island and Kearney since January 1, 1931.

"The water levels in the wells of the second group in general rise and fall more than the water levels in the wells of the first group. This more active fluctuation is due to the following causes: Recharge from precipitation occurs more frequently where the water table is shallow and thus larger rises of the water level result. On the other hand, the roots of more plants draw water directly from the zone of saturation where the water table is shallow, and consequently larger declines of the water level occur in the growing season. Changes in the level of the Platte River cause similar changes in the water levels in wells close to the stream, but the river has small effect on the water levels in wells farther away. In the winter and spring of 1931, 1933, and 1934 the average rise was less than 1 inch in the wells with deeper water level but more than 1 foot in the wells with shallow water level. The decline of the water levels in the summer and fall was likewise greatest in the shallow-water wells. Consequently in the last 4 years the net decline was nearly the same in each group.

"In the first half of 1932 there were rather large rises of the water levels in all the wells in the Platte Valley, as indicated by the hydrographs. The cause of this rise is apparent from the curve showing accumulative departure from normal precipitation. From October 1931 to April 1932 the average precipitation recorded at Grand Island and Kearney was slightly above normal, and consequently considerable water percolated into the ground and was added to the ground-water reservoir in this recharge period. As a result the water level did not reach as low a level in 1932 as it did in 1931. Since July 1932 the precipitation has been about 22 inches below normal—a deficiency equivalent to almost 1 year's normal precipitation—and the water level in the valley has suffered annual net declines. It may reasonably be expected that future years of greater precipitation will again raise the ground-water levels."

The data upon which the foregoing conclusions are based have been kept up to date and could be made available to the committee by the United States Geological Survey, Department of the Interior, Washington, D. C., or the conservation and survey division of the University of Nebraska. We venture a prediction that the water table in this area is higher during 1941, the only year the Kingsley Reservoir has been in operation, than it has been since 1932.

Large areas of profitable land are taken out of use.

One other criticism of the project is that it takes a large amount of land out of productive use in the construction of its reservoir. The following is the acreage taken out of use in the Kingsley Reservoir:

	Acres
Cultivated land	5,728
Alfalfa land	623
Meadow land	8,908
Grazing land, river bed, and other poor land	20,376
Total	35,635

Commencing on page 44 of bulletin 311, Economic Benefits of Irrigation from the Kingsley Reservoir, heretofore referred to, we find the following statement under the title, "The Reservoir Area":

"In order to store water for irrigation in central Nebraska approximately 32,000 acres of Keith County land will be covered by the Kingsley Reservoir. Not all of this land is tillable and a part that can be cultivated is low-grade soil along the North Platte River bed. If it is assumed that the entire acreage consists of grade I and II soils 79.8 percent of which are cultivated in the county, the annual loss in agricultural production does not exceed 1,100 carloads (table 40). If this maximum production is subtracted from the 26,905-carload increase on the land that will receive supplemental water in the irrigation district, the estimated net annual increase in all crops is 25,805 carloads.

"Actual production in the reservoir area is believed to be at least 25 percent lower than the 1,100-carload estimate. A large part of the land that will be

covered by water is grade III and IV soils. Actual yields on these classes of land are lower than the averages used in the estimates. Details are given in tables 38 and 39.

"In working out the estimated production for the reservoir area acreages were allotted to the several crops according to the average percentage of land planted to them in the county as a whole. A large part of the land tributary to this particular area is used for grazing. Farming practice within the county confines wheat largely to the tableland. Desirable land that will be covered by the reservoir is used for feed crops. The estimated annual production of wheat in table 40 is 72 cars. An average of only 6.2 carloads were shipped the past 10 years (table 41). Hay and other forage crops replaced the wheat. As a matter of course, the major part of these crops was consumed locally.

"During the 10-year period ending 1936, total outgoing carload shipments from 4 stations serving the reservoir area have averaged 523.4 cars annually. It is not possible to determine the exact amount of this total coming from the acreage that will be covered by water. The combined shipments, out and in, averaged 724.9 carloads. More than 72 percent (72.8) of this total was livestock. Cattle and sheep will probably continue to find their way into and out of the territory surrounding these shipping points after the reservoir is filled. Freight forwarded, other than livestock, averaged 42.7 carloads annually for the 1927–36 10-year period."

BENEFITS OF IRRIGATION IN 1941

The central Nebraska public power and irrigation district expects to deliver a minimum of 1 acre-foot of water for each acre of irrigable land when it gets into complete operation. At that time it will be adequately irrigating 200,000 acres of land.

During the summer of 1941, the central Nebraska public power and irrigation district had water available in its storage reservoir to be used for irrigation. Prior to that time it had delivered some water, during the early spring or late fall, when it was available from the direct flow of the Platte River. During the last summer, however, the district did deliver 13,744.04 acre-feet of water to irrigate 25,401.25 acres of irrigable land. A small portion of this land did receive an acre-foot of water per acre. The greater portion of it received a less amount.

The following results, from a few farms, are reported by Mr. Leonard Wenzl, agricultural engineer employed by the district:

"1. W. H. Swartz, Loomis, Nebr. NW¼ 1–6–19. Mr. Swartz reported that he had an $8 000 investment in the 160-acre unimproved farm. During the period of 1934 to 1940, inclusive, the land which was rented to adjoining landowners and farmers barely paid taxes on the land. There was practically no income from the grain crops raised. It is all under cultivation and was planted to corn, wheat, oats, and barley in accordance with the Triple A conservation program. There was small fallow or idle land as it is called under the program which was planted to feed crops. Because of the drought situation during most of that period, grain yields were very low. The average corn yield in that period was less than 5 bushels per acre. In several years the wheat was a total failure. This year Mr. Swartz prepared 40 acres for irrigation. In spite of severe damage by hail, the corn is yielding 25 bushels per acre. The balance of the corn on this farm is yielding only 5 to 8 bushels per acre. Mr. Swartz feels that the trial in irrigation this year was successful enough to warrant preparing the balance of the farm for irrigation next year. He has had a leveling contractor working on the farm this fall. He also finds that it is unsatisfactory to rent to adjoining farmers who are having trouble securing labor to carry on farming operations. Also they are not able to handle as much land under irrigation and land that is producing crops which make it necessary for considerable labor in harvesting and marketing than was the case under dry-land conditions. Mr. Swartz has decided to improve this farm and is now building a house, barn, and having a well dug, and doing other necessary construction for establishing a farmstead on this farm.

"2. Max Junkin, Smithfield, Nebr. Sec. 17–7–21. Mr. Junkin operates about 1,500 acres of land near Smithfield. He carries a large herd of purebred Hereford cattle. He stated that he has had considerable difficulty carrying on his livestock feeding operations during the last 10 years because of crop failure in his immediate territory. It has been necessary to truck in thousands of bushels of grain and heavy tonnages of alfalfa hay, beet tops, and beet pulp from the valley to carry his herd of cattle. 1941 was the first season tricounty was able to furnish water on the E–65 system. Mr. Junkin watered 65 acres

50 of which were in corn which is yielding between 80 and 90 bushels per acre. One field was in irrigated rye which was cut for silage in late June. The land was then irrigated and planted to a forage sorghum which was also used for silage this year. The two crops off the same field made a total yield of 28 tons of silage per acre. Mr. Junkin is intending to develop as much of his farm as can be irrigated within the next 2 years or a total of approximately 200 acres.

"3. Walter Maaske, Bertrand, Nebr. SW¼ 33–7–20. Mr. Maaske operated 640 acres of land in the Bertrand community. He has been following general grain farming—wheat, corn, barley, oats, and some sorghum. His place is highly improved. He built a new double crib in 1934 following a fair corn crop in 1933 under dry-land conditions. This crib had about 200 bushels in it in 1935 from about 100 acres. The years 1935 to 1940 he never husked as much as 200 bushels from his farm. In 1941 he prepared and irrigated 60 acres of corn. This corn is yielding over 50 bushels per acre. His crib has been filled for the first time and it was necessary to pile some of the corn on the ground for lack of space. He has contracted for leveling additional land and intends to prepare land for alfalfa and othe crops which can be produced under irrigation. He stated that he would not plant another acre of dry-land corn on his farm.

"4. T. A. Gustafson and Richard Gustafson, Funk, Nebr. S½ 23–6–17. This is a father-and-son partnership on Highway No. 6 2 miles east of Funk. Mr. Gustafson stated that in the period 1929 to 1939 his general farming operations did not pay operating expenses. He started irrigating in 1939 from the main Phelps County Canal which cuts through his farm. It was necessary for him to pump part of the water because of insufficient flow to make gravity delivery possible. Mr. Gustafson stated that during the 3 years of irrigation his irrigated corn has averaged 50 bushels per acre. This year with over 100 acres irrigated, his best field-yielded 90 bushels per acre. He has successfully irrigated 11 acres of alfalfa which is a new crop for him, some irrigated sudan pasture, forage sorghum for silage, buffalo grass pasture, besides his corn. Mr. Gustafson is one of the outstanding irrigators in the tricounty area and will try to water all of the irrigable land on his farm next year. He is changing from wheat to corn and other crops which can be more easily irrigated and offer heavier yields and returns.

"5. Fred Olson, Holdrege, Nebr. E½SW¼ 36–7–19. Mr. Olson owns and operates this 80-acre farm and rents 320 acres in addition. He has been farming for a number of years raising grain crops under dry-land conditions. He stated that by hard work and close figuring along with Triple A payments he just about made expenses since 1930. The average yield, according to records in the Triple A office, are: Wheat, 13 bushels and corn 19 bushels per acre over a 10-year period. He stated that his son was discouraged with farming and is taking up other lines of work, leaving no one to assist him in farming operations and making it necessary to employ outside labor. This year he watered 35 acres of corn. His farm is under the E–65 system, which had water for the first time during 1941. The 35 acres of irrigated corn yielded 55 bushels per acre. He stated that there is more corn on the 35 acres than was produced on 400 acres during the last 5 years. He is preparing the balance of his own 80 acres for water next year.

"6. Carl A. Erickson, Axtell, Nebr. Mr. Erickson is a tenant farmer operating the N½ 6–6–16. He has been the tenant on this farm for the last 9 years. In addition to the half section he has operated 160 acres of cultivated dry land and 160 acres of grazing land. He stated that in the last 12 years he has purchased and worn out over $10,000 worth of farm machinery. Since 1934, he stated that the crops did not return enough to pay operating expenses, and that if it would not have been for Triple A payments and his livestock and poultry, it would not have been possible for him to continue farming. He started irrigating from the Phelps County canal system in 1939 and has been increasing the irrigated area each year. This year he irrigated 115 acres. Twenty-five acres of this was a new stand of alfalfa—the balance in corn and forage crop. His irrigated hybrid corn is yielding 75 bushels per acre. He is preparing additional land for irrigation next year and stated he wanted to irrigate the entire half section as soon as possible if he could hire satisfactory labor—the labor shortage becoming a problem on this large irrigated farm. He plans to start raising sugar beets in 1942.

"Thirty stands of alfalfa were established during 1941. Every farmer wants 20 acres or more as soon as he can prepare a good alfalfa seedbed. Over 200 farms have hired leveling contractors to do some leveling work for them in improving their farm for irrigation."

(Accompanying the above statement was a booklet entitled "Economic Benefits of Irrigation From the Kingsley (Keystone) Reservoir," by Frank Miller and H. C. Filley, of the Department of Rural Economics, University of Nebraska College of Agriculture. The booklet, published in October 1937, as Bulletin 311, University of Nebraska College of Agriculture Experiment Station, Lincoln, is held in committee files, but the section headed "Summary and conclusions," is as follows:)

Crop production in central and western Nebraska is uncertain. Lack of dependable moisture is the most important limiting factor.

Irrigation is successfully practiced in several areas of the State. Rainfall shortage over a long period and extreme drought in recent years have stimulated interest in its extension.

Most of the stream flow in areas suited to irrigation is now appropriated for use. Extension depends upon the storage of water now lost as run-off. Most of this loss occurs during the dormant season.

Numerous irrigation projects that must depend upon stored water have been outlined. One of the most extensive is the central Nebraska public power and irrigation district. The water supply for this project will be drawn from the Kingsley Reservoir.

Kingsley Dam is located on the North Platte River 9 miles northeast of Ogallala in Keith County, Nebr.

Water impounded by the dam will form a lake with about 32,000 acres of water surface in Keith County. Storage capacity is approximately 2,000,000 acre-feet.

It is anticipated that Adams, Buffalo, Dawson, Gosper, Hall, Kearney, Lincoln, and Phelps Counties will benefit from irrigation made possible by the dam.

These counties have 2,083,372 acres of high-grade soil, of which 1,672,894 acres are cultivated. Approximately 900,000 acres of this land may be placed under irrigation.

The climate of the area is semiarid. Weather is a distinct hazard in crop production because of extreme variability in annual and seasonal rainfall.

Average crop yields without irrigation for the 10-year period ending 1935 were as follows:

Crop:	*Tons or bushels per acre*
Alfalfa	1.82
Barley	20.84
Corn	17.67
Oats	22.90
Potatoes	64.80
Wheat	13.00

Crop yields under irrigation should average not less than the following:

Crop:	*Tons or bushels per acre*
Alfalfa	3.0
Barley	45.0
Corn	40.0
Oats	45.0
Potatoes	170.0
Sugar beets	10.2
Wheat	20.0

Fattening livestock en route to market from the western range country should become a dominant farm enterprise.

The estimated net increase in production due to irrigation in the area is 25,805 carloads annually.

Outshipments from stations serving the reservoir area, excluding livestock which were grazed on the surrounding territory, averaged 42.7 carloads annually over the 10-year period ending in 1936.

Total outshipments, including livestock, averaged 523.4 carloads.

It is estimated that construction of Kingsley Dam alone will add 12,395 carloads of freight to the traffic of the railroad serving the reservoir area. This is 290 times the average outgoing carload freight, except livestock, from the four stations serving the reservoir area.

An additional 6,530 carloads of material and equipment from outside sources will be used at various places in completing the irrigation project.

Gravel for all construction taken from pits within the area will aggregate an additional 8,490 carloads.

Scotts Bluff County has 10.2 percent as much area as the eight counties that will benefit from irrigation water stored in the Kingsley reservoir.

Freight forwarded from all stations in Scotts Bluff County during the 10-year period ending 1935 averaged 10,752.3 carloads annually. In the 8 counties it averaged 34,910.0 carloads.

Incoming freight at all stations in Scotts Bluff County for the 10-year period ending 1935 averaged 20,020.2 carloads per year. In the 8 counties freight received averaged 29,786.1 carloads.

In Scotts Bluff County irrigation has been a vital factor in stimulating business activity.

Under irrigation more intensive use of land in all probability will lead to smaller farms and increased farm population.

Electric current generated by release of stored water will probably be a source of cheap power throughout central Nebraska.

An increase in factories to process farm products grown within the area is anticipated. Existing plants may be enlarged or plants may be constructed at new locations.

If industrial expansion takes place as anticipated, additional labor will be required and urban population will increase.

The agricultural and industrial developments resulting from irrigation within the central Nebraska district may be far more extensive than is indicated in this study.

Memorandum on Suggested Location for an Ordnance Plant Under the National Defense Program

Report by George E. Johnson, General Manager, Central Nebraska Public Power and Irrigation District, Hastings, Nebr.

Central Nebraska Defense Council,
Hastings, Nebr., October 14, 1941.

Re Suggested location for an ordnance plant under the national-defense program.

Office, Chief of Ordnance,
War Department, Ammunitions Division,
Washington, D. C.

(Attention of Lt. Col. John P. Harris, Chief, Powder, Explosives, and Pyrotechnics Section.)

Gentlemen: Last week I was called to Washington by Senator Norris to supply information regarding the furnishing of power to two defense industries in Nebraska. After talking with Mr. J. A. Krug, 4523 New Social Security Building, Colonel Weaver, room 7213, New War Department Building, and Major Tibbets, of your Department, I requested permission of Major Tibbets to file a report on a site in central Nebraska.

To give you some background of myself when considering this report, I wish to state I was born in Nebraska. I am a civil and electrical engineer and operated as a consulting engineer from 1906 to 1935 with the exception of the years between 1915 and 1923. Between 1915 and 1923, I was State engineer for the State of Nebraska, having charge of all irrigation, waterpower, drainage, and highways in the State of Nebraska. I have studied the resources of Nebraska for many years and have contributed a considerable amount of time assisting in their development.

Since September 1935, I have been employed as chief engineer and general manager of the Central Nebraska Public Power and Irrigation District having charge of the design, construction, and operation of a Public Works Administration financed project, known as the tricounty project, costing approximately $38,000,000. Also, I assisted in the design of the project of the Loup River Public Power District.

In addition to serving as chief engineer and general manager for the Central Nebraska Public Power and Irrigation District, I am chairman of the Central Nebraska Defense Council. I am also chairman of the board of managers operating the Nebraska Public Power System, which includes our grid system and all of the major power plants in the State of Nebraska with the exception of the Western

Public Service Co. in the west part of the State and the Nebraska Power Co. in Omaha. Our system is serving 412 towns and 23 Rural Electrification Administration districts. We have a surplus of approximately 100,000 kilowatts of power, 200,000,000 kilowatt-hours per year of energy from our hydro plants, and up to 360,000,000 kilowatt-hours per year of energy from our steam plants, depending upon the characteristics of the load. We are very anxious to dispose of the major portion of this surplus power and energy to national-defense industries.

We are just completing the construction of the three major projects in the State costing approximately $60,000,000, financed by the United States Government. These projects are all in operation and ready to deliver the power and energy as above stated. Our steam plants have recently been purchased from the private power companies and are operated jointly with our hydro plants to serve the Nebraska Public Power System.

The Nebraska Public Power System is ready to deliver power to any location within a reasonable transmission distance of our system. However, it is my opinion, after making a careful study of the site and considering the information I have received from the several departments in Washington regarding requirements for defense plants, that the location I am proposing has more advantages than any other location in the State.

The following data are submitted for your consideration:

Location.—The location is shown on maps attached and is immediately south of the Platte River in Kearney and Adams Counties, consisting of approximately 33,000 acres. This location is practically level except at the south edge where the land is gently rolling. Parallel to the river there is a fall of about 7 feet to the mile. There is a gradual rise to the south as one leaves the river. This location has never been flooded, so there will be no danger of flood damage to plants located in this area.

Soil conditions.—This site is located in the center of a rich agricultural area in the central part of the State. The land north of the Platte River is under intensive cultivation and is irrigated. The land south and east of this site is under cultivation, and the land west and southwest is under irrigation. On the site proposed the land has a thin layer of topsoil approximately 1 foot thick, underlaid with gravel, providing perfect drainage. The distance to water in the north half of this site is approximately 15 feet. This water level is approximately the average water level of the river. The level of the water in the river varies from dry to 5 feet deep. Due to the thin layer of topsoil and the gravel near the surface, this land is not suitable for cultivation and is low-cost pasture land.

Water supply.—We have an underground storage of 500,000,000 acre-feet of water in our sand hills extending north and west from Kearney and Wood River. This water flows in a southeasterly direction under the Platte River and forms a vast sheet of underground water supply throughout the entire central portion of the State, extending from Lexington on the west to a short distance east of Grand Island. This water supply is not affected by the variation of flow in the Platte River. The proposed site is located in the center of this section having underground sheet water. This underground flow is the source of water for the Blue River and a portion of the source of water for the Republican River.

I am attaching photographs of a gravel pit and of irrigation wells which show the water being pumped from this underground water supply. We have irrigation wells on the north side of the Platte River east of Kearney that are developing in excess of 5,000 gallons per minute per section of land without in any way affecting the water table. After making a careful study of this underground water supply, I am certain that 40,000,000 gallons of water per day can be developed on this proposed site with an average lift of not to exceed 25 feet.

I understand powder plants require large volumes of water and that they are broken up into many different buildings. An economic method of developing a water supply for such plants would be to install a battery of wells for each individual building. Considering the pipe necessary for the distribution system, the cost of developing a water supply at the proposed site in this manner would not exceed the cost of pumping water from a river at one center point and distributing it to the several buildings.

The water from this source is all pure water suitable for drinking purposes without treatment and is now being used as domestic water supply by all of the towns and cities surrounding this site. The waste water could be dumped into the south channel of the Platte River without treatment as no domestic supply is being taken from the Platte River east of this point.

Cost.—Because of the proximity of the gravel to the surface, the greater part of the land in this proposed site is suitable for only pasture purposes. Expert real-estate men estimate the cost of right-of-way would average approximately $20 per acre. Additional land may be secured adjoining the proposed site on the south for about $50 per acre.

Railroads.—This location is between the main line of the Union Pacific Railroad and the main line of the Burlington Railroad which border on the north and south. It is reached by three branch line railroads: Missouri Pacific at Prosser, Union Pacific between Gibbon and Hastings, and the Burlington between Kearney and Kenesaw.

Pipe lines.—Both natural gas and oil are available at the site. Natural gas may be obtained from the main gas line of the Kansas-Nebraska Natural Gas Co. The oil is vailable from the main pipe line of the Stanolind Pipe Line Co. extending from Wyoming to Kansas City, Mo.

Highways.—This proposed site is between State and Federal Highways No. 6 and No. 30 which are paved highways. United States Highway No. 30 parallels the Union Pacifis Railroad on the north side of the river and Highway No. 6 parallels the main line of the Burlington on the south. Three bridges are located on the Platte River north of this site providing connection with Highway No. 30. Due to the low cost of gravel in this vicinity, the main county roads are all surfaced with gravel providing all-weather roads connecting the site with the Federal highways at several points.

The weather conditions in Nebraska are such that during the construction of our project from December 1935, to date, we have not had a single day on which our roads were blocked with snow. The State maintains adequate highway maintenance equipment and sufficient equipment has always been available to clear the highways for traffic within a few hours after snowstorms.

Air transportation.—The main transcontinental line of the United Air Lines parallels this proposed site on the north with a large airport at Grand Island having paved runways and all necessary facilities for air travel. Also a new airport is being constructed with Federal funds at Kearney, Nebr., which will have paved runways and all necessary facilities. We also have a municipal airport at Hastings with hangar, runways, and facilities sufficient to take care of large planes.

Weather.—From the standpoint of lost time during construction, this site offers a very favorable record. Comparison of the construction costs of our project with those in other parts of the Nation, or even in other parts of the State, and reference to the contractors themselves, will all show that this area has been particularly favored from the standpoint of number of days available for work during the year. Our winters are comparatively mild and building construction is carried on the year around. We are not subjected to prolonged rainy spells which results in excessively muddy conditions.

Major Tibbets raised a question regarding dust affecting plants located in this area as there has been a considerable amount of talk about the western Dust Bowl. With irrigated areas on each side of this site and heavy soil both north and south, we are not troubled with dust in this area any more than in eastern Kansas, eastern Oklahoma, Missouri, and Iowa where defense plants have been located. In fact, I am certain that the defense plants in Kansas and Oklahoma will be subjected to more dust than defense plants at this location. We operate our large generating equipment, including hydro, Diesel, and steam plants, both east and west of this location, with the buildings open in the summer without any difficulty at all from dust.

Power supply.—We have a 115,000-volt transmission line running east and west through this proposed site with power plants on each end of the transmission line which will provide two-way service for a plant using power up to 30,000 kilowatts. We also have additional 115,000-volt lines north and south of this proposed site and the power supply could be increased to 60,000 kilowatts by a cross-tie line.

The districts also have 34,500-volt lines paralelling the proposed site on both the north and south sides which will provide two-way service up to 10,000 kilowatts of power.

The statement above, regarding power and energy, is based on the average loads on power systems. To assist in determining the amount of power which is available for any particular national-defense load, we are giving below a brief outline of the surplus power and energy available for various types of loads.

The power plants constructed with Public Works Administration financing are as follows:

Public Works Administration financed hydro plants	Installed capacity	Net capability
	Kilowatts	*Kilowatts*
Loup River Public Power District:		
Columbus plant, Columbus	39,900.0	39,900
Monroe plant, Monroe	7,837.5	7,800
Platte Valley Public Power and Irrigation District: North Platte plant, North Platte	26,100.0	26,100
The Central Nebraska Public Power and Irrigation District:		
Jeffrey plant, Brady	18,000.0	18,000
Johnson plant No. 1, Lexington	18,000.0	18,000
Johnson plant No. 2, Lexington	18,000.0	18,000
Total Public Works Administration hydro plants	127,837.5	127,800

The values given for net capability are very conservative. In the operation of these plants we have found that, in every case, the equipment has been able to produce power considerably in excess of the ratings.

Since constructing these plants the districts have leased the following plants in connection with the activity of the Consumers District which has recently purchased 12 power company properties in the State:

Plants leased from Consumers District	Installed capacity	Net capability
	Kilowatts	*Kilowatts*
K St. Plant, Lincoln	19,220	18,000
Second St. Plant, Lincoln	10,000	10,000
Norfolk plant, Norfolk	5,000	4,000
Riverside plant, Grand Island	13,500	10,000
Kearney plant, Kearney	3,750	2,600
Gothenburg plant, Gothenburg	696	640
Cody plant, North Platte	3,000	3,000
McCook plant, McCook	1,864	1,380
Total leased plants	57,030	49,620

This gives a total for all plants of 184,867.5 kilowatts of installed capacity having a net capability of 177,420 kilowatts. In addition, interchange arrangements are in force with the Nebraska Power Co. which has installed plant capacity totaling 111,000 kilowatts and is now constructing a 154-kilovolt tie line with the Kansas Gas & Electric Co., at Wichita, Kans. Capacity of this 154-kilovolt line will be about 40,000 kilowatts.

Our commitments of firm capacity amount to 54,250 kilowatts. Allowing 20,000 kilowatts of reserve capacity, in addition to the capacity available from the Nebraska Power Co., and deducting our firm commitments from the 177,420 kilowatts of net capability leaves a total of 103,170 kilowatts of surplus capacity in the Nebraska Public Power System.

The total annual kilowatt-hours available for sale (allowing for transmission losses) from the Public Works Administration financed hydro plants is 425,000,000 kilowatt-hours per year. This figure is derived from water studies made by Public Works Administration engineers and is based upon the water supply for the years 1930 to 1940 which was the period of least water supply for which we have record. On an energy basis, our firm commitments amount to approximately 212,000,000 kilowatt-hours per year, leaving a balance of 213,000,000 kilowatt-hours of hydro energy available without resorting to the leased plants.

There does not appear to be any reason to fear an extremely large increase in the present loads in Nebraska. This is brought out by the tabulation appearing on page 30 of the magazine Business Week, issue of October 4, 1941. This tablulation which is a comparison of the first half of 1941 with the first half of 1940 shows a 5-percent decrease in power output for Nebraska.

If national-defense loads of high-load factor are added to our system, our steam plant capacity can be called upon for base-load production to increase the energy generated to handle these loads. Loads up to 100 percent load factor can be ac-

cepted by the system for as high as 50,000 kilowatts average demand. This would still leave 213,000,000 kilowatt-hours of hydro energy which could be added on top of this demand so long as the total maximum demand did not exceed the 103,170 kilowatts mentioned above.

In general, then, it may be said that the Nebraska Public Power System can accept national-defense loads without limits as to energy up to approximately 50,000 kilowatts and that additional demand up to approximately 100,000 kilowatts can be assumed provided the energy limits mentioned above are not exceeded.

Labor.—Within a radius of 25 miles of the proposed site we have a population of 102,183, about equally divided between the cities and the farms. Due to the completion of our projects there is an unusually large number of our people unemployed who are available for defense labor. This labor is available in three classes—skilled, semiskilled, and common.

In completing our project, costing approximately $38,000,000, our contractors were able to secure practically all of their labor supply within the State. The only labor supplied from out of the State was three welders to handle special welding work and operators for the extremely large draglines and dredges which were used on our work. All of the labor was secured from within the State of Nebraska, which includes operators for medium-size and small draglines, operators for tractors, welders, machinists, repairmen, and all mechanics necessary for the construction of our power houses, transmission lines, large concrete structures, and the handling of 50,000,000 cubic yards of earth. The maximum number of people employed on the project at any one time was approximately 10,000.

The work on our project, the Platte Valley public power and irrigation district and the Loup River public power district, costing approximately $60,000,000, is substantially completed at present, with the exception of a small amount of transmission-line construction. Due to the defense program, the work in practically all of our industries has been reduced, which is reflected in the reduction in use of power referred to above. A large number of men have been released. These people are now out of employment. Some of them are now leaving the State, going to defense jobs in other States. A large portion of these laborers have families who were born and raised in Nebraska, and the removal of these families from the State will not only be a hardship on the people but will also be a hardship on our merchants and professional people in the towns and cities affected by the purchasing power of this labor.

Several questions were asked by Colonel Weaver and Major Tibbets regarding skilled labor. A large part of the skilled labor on our projects was taken from the farmers. For many years our State university has been giving free instruction in the operation, overhaul, and repair of all types of farm machinery, including tractors, trucks, and automobiles. Our farms are being operated almost entirely with machinery, and on each farm there is someone who is able to take care of this machinery and equipment. We have a large reserve supply of mechanics, who can easily be trained in the use of tools or operation of machines in defense plants. The efficient use of such labor has not only been demonstrated by the contractors on our projects but also by the Allison Motor Works, where a very large percent of the mechanics and machine operators have been developed from the farm labor and local boys who have had manual training in high schools. Mr. Allison has stated to Governor Townsend that after a very short time this local labor is superior to the highly trained skilled labor shipped in from the East.

In addition to the surplus labor supply, there are a large number of contractors in the State who have been working on our projects and are in a position to proceed immediately with the construction of defense plants. Some of our local contractors have already completed the construtcion of defense plants in other localities and have experience in this class of work.

We have a large number of machine shops and small factories in the towns and cities surrounding this proposed site which now have spare capacity and are suitable to handle contracts for the production of components for ordnance.

Conclusion.—This proposed site is better served by railroads, highways, and air service than any other location in the State of Nebraska of which I have knowledge. It has an inexhaustible supply of fresh, pure water, and is located on low-priced land in the center of the State and in the center of a large agricultural part of the State. It is not subject to floods and is easily accessible from railroads, highways, and air travel. There is an abundant supply of low-cost labor—skilled, semiskilled, and common.

The lack of national-defense industries in Nebraska has created a serious social problem here. A general migration of labor to other localities has already begun,

The photographs reproduced on following pages were submitted at the committee's Hastings hearings as an exhibit in connection with the testimony of George E. Johnson, chief engineer and general manager of the central Nebraska (tri-county) public power and irrigation district. (See pp. 8222 to 8251.)

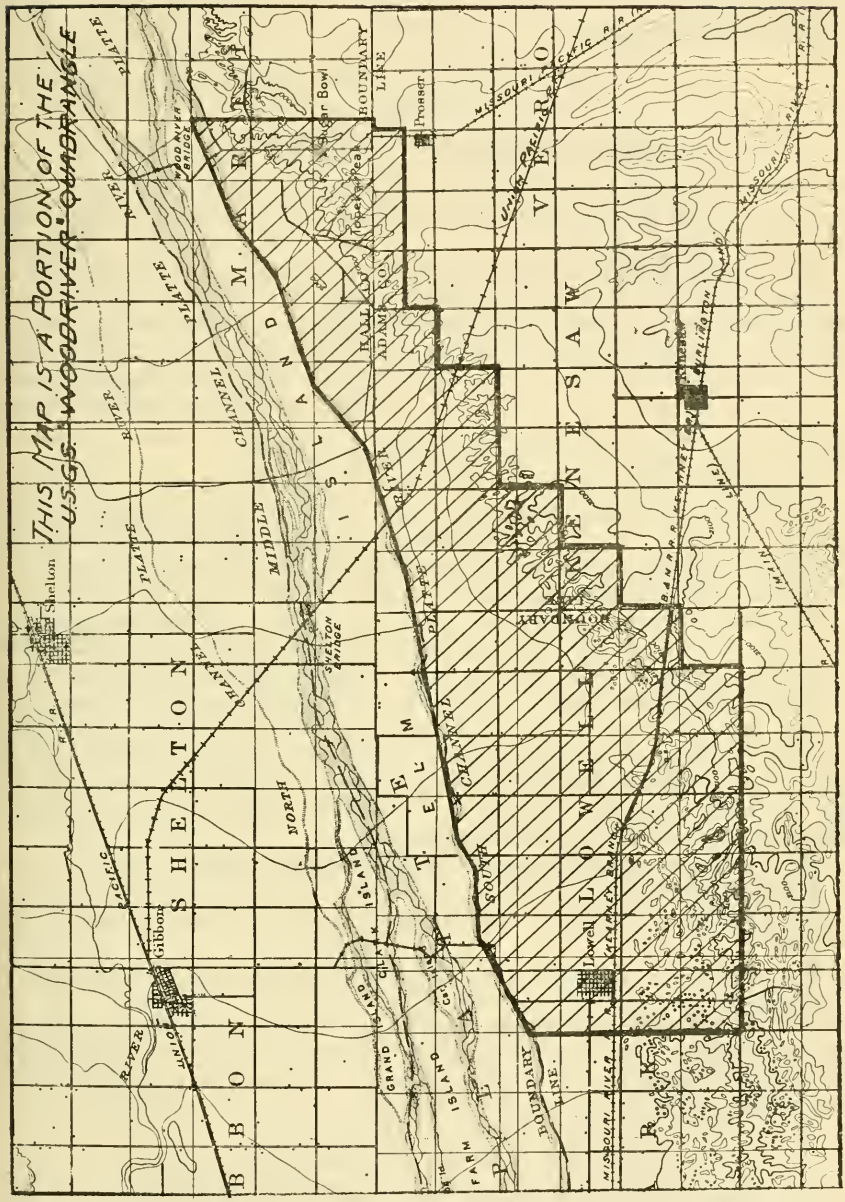
42528

Irrigation is a "must" on the dry lands of Nebraska. The above scene near Holdrege shows a field, a corner of which has not been irrigated. The irrigated portion yielded 60 bushels of corn per acre; the nonirrigated portion nothing.

Another view of the field pictured on the preceding page showing clearly the effects of irrigation and nonirrigation.

S.G.P.O.

A farm near Axtell, Nebr., showing irrigated and nonirrigated corn in the same field. The irrigated corn grew 14 feet high. The nonirrigated corn did not even produce fodder.


THIS MAP IS A PORTION OF THE USGS. WOODRIVER QUADRANGLE
SHELTON
BONNIE
MIDDLE
CHANNEL
PLATTE
RIVER
Shelton
Gibbon
Sugar Bowl
Prosser
Lowell
Elm
Island
Grand
Gilt
Edge
Farm
Boundary
Line
Missouri River
Union Pacific R.R.
Chicago, Burlington & Quincy R.R.
Missouri Pacific R.R.
Wood River Bridge
Shelton Bridge
Hall Co.
Adams Co.
Kearney Co.
Buffalo Co.
Phelps Co.
Dawson Co.
Gosper Co.
Franklin Co.
Harlan Co.
Furnas Co.
Webster Co.
Nuckolls Co.
Thayer Co.
Jefferson Co.
Gage Co.
Lancaster Co.
Saline Co.
Fillmore Co.
York Co.
Polk Co.
Hamilton Co.
Clay Co.
Adams Co.
Nuckolls Co.
Thayer Co.
Jefferson Co.
Gage Co.
Lancaster Co.
Saline Co.
Fillmore Co.
York Co.
Polk Co.
Hamilton Co.
Clay Co.

and if defense industries are not located here soon, there will be serious economic repercussions, resulting in a complete disruption of the normal business of this section. It will mean the closing of a large number of business houses and the loss of business men to other sections of the country.

We have developed a large surplus of power with the use of Federal money, and this power is now available for the operation of defense industries at a reasonable cost.

Respectfully submitted.

GEO. E. JOHNSON,
Chairman, Central Nebraska Defense Council.

TESTIMONY OF GEORGE E. JOHNSON—Resumed

Mr. SPARKMAN. I would like to ask you some questions about your statement. In the first place I would like you to tell something about this Tri-County project.

Mr. JOHNSON. We have in the State of Nebraska three large hydroelectric projects that are operating together. That is, the general manager of each of the projects serves on a board of managers which directs all three of them. I am the chairman of the board. The irrigation districts represented are the Central Nebraska Public Power Irrigation District with offices here in Hastings, and the public power irrigation district of the North Platte, the Platte, and the Loup Rivers, with offices at Columbus, Nebr.

We have a separate board of directors for each district. We have an operating contract which provides that the general manager of each district serves on the board of managers. Each district has charge of its own irrigation and also the entire hydraulic set-up on the projects, including the irrigation group. The other districts have irrigation.

The board of managers has charge of what we call our grid system. We take the power from the power plants of the three hydroelectric districts. That is, from generation in power plants, it goes into the grid system. From that point on the board manages and has control of the sale and distribution of the power. We serve 70 percent of the people of Nebraska, approximately, either wholesale or retail, but principally wholesale. We have taken over the major power plants in the State, except in Omaha. Those are steam power, operating in connection with the hydro system.

Mr. SPARKMAN. Did you build supplementary steam plants?

Mr. JOHNSON. No.

Mr. SPARKMAN. What effect has the Kingsley Dam on the water table?

Mr. JOHNSON. You mean on the water table east of the Kingsley Dam?

Mr. SPARKMAN. I presume that is the water table that would be affected by it. There has been filed with us this little booklet, Bulletin 311, on the "Economic Benefits of Irrigation from the Kingsley (Keystone) Reservoir."[1]

IRRIGATION FROM KINGSLEY RESERVOIR

Mr. JOHNSON. Yes; there has been considerable controversy in the State about these hydro districts and irrigation districts affecting the water table of the Platte Valley east of the North Platte. In the report we filed we show that that statement isn't true. The main reason that that statement cannot be true is the fact that water traveling

[1] Held in committee files. A section of this booklet, "Summary and Conclusions," appears on pp. 8237–8238.

through gravel in the Platte Valley travels an average rate of 10 feet per day, so that the interval between the time when the Platte River is dry and when it is carrying its full amount of water is not long enough to affect more than a quarter of a mile from the river. The real effect, according to United States geological reports, is caused by the difference in precipitation from one year to another. In wet years, the water table rises, and in dry years it lowers.

Mr. SPARKMAN. What are the effects of irrigation today?

Mr. JOHNSON. We have just started irrigation there. We have storage water, so as to have a supply through the summer. The land we have irrigated will average about 60 bushels of corn per acre this year and in some individual fields the yield goes as high as 100 bushels. In the land that hasn't been irrigated it won't be over 15 or 20 bushels.

Mr. SPARKMAN. What are the full profits of irrigation?

Mr. JOHNSON. That is pretty well covered in Bulletin 311 which we have filed with you. It shows we would increase the income of the central section of Nebraska by approximately $10,000,000 a year, and stabilize not only agriculture in this section but business with other parts of the country.

PROJECTS BUILT WITH FEDERAL AID

Mr. SPARKMAN. Mr. Johnson, how were these hydroelectric projects built?

Mr. JOHNSON. With Federal aid.

Mr. SPARKMAN. Are they State-owned?

Mr. JOHNSON. We are operating in the districts about the same as a city government.

Mr. SPARKMAN. But under State legislation?

Mr. JOHNSON. That is right.

Mr. SPARKMAN. They are State-sponsored projects built by P. W. A. funds?

Mr. JOHNSON. Yes.

Mr. SPARKMAN. But owned by the individual districts?

Mr. JOHNSON. Yes.

Mr. SPARKMAN. You say that under your grid system you supply about 70 percent of the power that is consumed in the State?

Mr. JOHNSON. We serve 412 towns and cities and 21 rural districts.

Mr. SPARKMAN. Do most of those towns and cities own their own plants?

Mr. JONHSON. A few of them do.

Mr. SPARKMAN. Does your grid system include only these three State agencies and cities and towns that own their own systems, or does it also take in certain private power companies that you do not own?

Mr. JOHNSON. We own the entire grid system—that is, our transmission system. That was all financed and constructed with P. W. A. money. And connected to that system are certain private companies, such as the Nebraska Power Co. serving Omaha. We also sell power, under separate contract, to the Consumers Public Power District, of Columbus, Nebr. They have bought quite a number of power companies.

The grid system includes everything in the State except the Western Public Service and the Nebraska Power Co. The Consumers District handles the retail business from the property that they have taken

over. We furnish all the generation to the Consumers District. We have taken all the power plants and leased them on a 30-year basis and entered into contracts to supply all the power.

Mr. SPARKMAN. I still don't understand who owns the distribution systems in these towns and cities that do not own their own systems.

Mr. JOHNSON. The Consumers Public Power District owns most of them.

Mr. SPARKMAN. Is that likewise chartered by the State government?

Mr. JOHNSON. Yes. We have taken over the Southern Nebraska Power Co. and are operating it. That is partly wholesale and partly retail. The Platte Valley district has taken over the Gottenberg properties and also the McCook properties.

Mr. SPARKMAN. This 70 percent of the State's power requirement which is supplied under your grid system represents public power both in generation and distribution?

Mr. JOHNSON. That is right.

Mr. SPARKMAN. Is your capacity pretty well used up?

POWER CAPACITY

Mr. JOHNSON. We now have available a 100,000-kilowatt capacity.

Mr. SPARKMAN. Do you have any more that might become available by additional installation?

Mr. JOHNSON. Yes. We can develop about 75,000 kilowatts additional with water power.

Mr. SPARKMAN. That would be a total of 175,000. Is that prime power?

Mr. JOHNSON. Yes.

Mr. SPARKMAN. How much of that is marketed already?

Mr. JOHNSON. All of the 100,000 is not tied up in contracts.

Mr. SPARKMAN. What is your total installed capacity at present?

Mr. JOHNSON. One hundred and eighteen thousand kilowatts hydro and about 75,000 of steam.

Mr. SPARKMAN. Is that prime power?

Mr. JOHNSON. That is all prime power; yes.

Mr. SPARKMAN. Do you have any defense projects in this part of the country?

Mr. JOHNSON. The only defense projects in this section of the State are subcontracts that are held by the Dutton-Lainson Co. here. In addition, a bomb-loading plant has been allocated to Wahoo. That plant is about 115 miles northeast of Hastings, and there is a bomber plant to be operated by the Glenn L. Martin Co. immediately south of Omaha.

Mr. SPARKMAN. Do you furnish power to either of those projects?

Mr. JOHNSON. We will furnish all the power to the bomb-loading plant and we now furnish power to the Nebraska Power Co., which, in turn, will sell it to the bomber plant in Omaha.

Mr. SPARKMAN. If new defense projects should be located in this area, sufficient to consume the additional power you mention, could an adequate labor supply be furnished?

Mr. JOHNSON. That might depend on the kind of plant. I have done a considerable amount of preliminary work on arrangements for a plant for the central part of the State, halfway between Hastings and Kearney, and the reason we have selected that section is because we thought it had all the necessary requirements, such as water 10 feet

below the surface. It is in an area having about 118,000 people within a 25-mile driving range. I am certain that 10,000 workers could be secured for the plant if it were located in that area. I believe that in the eastern part of the State, with the location of two large plants, the labor is pretty well taken up. I believe the Governor has definite figures on it.

Mr. SPARKMAN. Our interest in these matters lies in the hope that the dislocation of our population may be kept to a minimum, under conditions created by the defense program which will make inevitable a certain amount of shifting of the labor force. We believe that if this is done, the after effects will be more easily absorbed.

Do you feel that additional defense projects could be located here without requiring shifting of population into the area?

Mr. JOHNSON. Yes, sir.

POPULATION DECLINES

Mr. SPARKMAN. I notice in your paper that there has been a gradual decrease in population over the last 30 years in the four counties that you mention.

Mr. JOHNSON. That is right.

Mr. SPARKMAN. And you show, furthermore, that the decline has been rather constant—that is, it has not been greatly accelerated by the drought of the last 10 years.

Mr. JOHNSON. That is right. There is a definite reason for that. When this territory was settled and filled with people, we had a subsoil about 100 feet deep, which carried up to 21 percent of moisture. In the growing of crops that water has gradually risen by capillary attraction until it has been depleted to 7 percent of the soil. That is below the amount required to supply plant roots. From now on it is necessary for the plants to depend entirely on rainfall. That is the main reason for the agricultural troubles of this section, not only in Nebraska, but from South Dakota through Kansas.

Mr. SPARKMAN. I might say that we have not been altogether in the dark as to the things that have been happening out here. Your good Congressman [1] is a member of our committee, and he is constantly keeping us informed. He is wide awake to the problem that you have here, and I am glad to say in his behalf that no Member of Congress has worked more conscientiously for the solution of these problems than he has.

The CHAIRMAN. There is one question I would like to ask. This power set-up as it exists now covers the State almost entirely. Is there any particular section of the State to which the delivery of power for the purpose of defense activities would be more economical and efficient than it would be to other sections?

Mr. JOHNSON. Yes; it is more economical to deliver to the section in between the North Platte and Republican Rivers. Also, the location of defense industry will depend considerably on where they are located. To any place between Columbus and Lexington we can economically deliver the amount of power stated without the construction of additional transmission lines. We could not deliver that power east of Columbus.

In our set-up we still have one large transmission line to build, and that is to be constructed by the Loup district and ourselves. We have

[1] Reference is to the acting chairman, Representative Carl T. Curtis, of Nebraska.

the money for it, and we are contemplating construction. We don't know whether we will be able to get the materials at this time.

The CHAIRMAN. I have studied your figures, but not being an engineer, and being aware that a number of people who will read this record are not engineers, I want you to make a few comparisons. Do you know approximately how much power this Wahoo plant will buy from you?

Mr. JOHNSON. About 7,000 kilowatts, or about 9,000 horsepower.

The CHAIRMAN. What will such a plant use that power for?

Mr. JOHNSON. Primarily for motors and lighting.

The CHAIRMAN. It is not the type of plant, such as an aluminum manufacturing plant, that uses furnaces?

Mr. JOHNSON. No.

The CHAIRMAN. And you say that at the present time you have available a surplus of power of 100,000 kilowatts?

Mr. JOHNSON. Kilowatts, not kilowatt-hours. That is about 130,000 horsepower.

The CHAIRMAN. Can you give us an illustration to show what could be done with that much power?

Mr. JOHNSON. That depends on the type of plant. An unusually large powder plant takes about 25,000 horsepower. The average defense plants that they are constructing over the country at a cost of $25,000,000 or $30,000,000 are using from 5,000 to 7,000 horsepower.

The CHAIRMAN. In other words you would have enough power at the present time to take care of about five such plants.

Mr. JOHNSON. Yes. One kilowatt is equivocal to 1⅓ horsepower. The reason I mention horsepower is that people generally know what horsepower means, but they do not know what kilowatt means.

Mr. SPARKMAN. So when you say 25,000 horsepower, you mean, 17,000 kilowatts.

May I ask one more question. I have been looking over this chart.[1]

OUT-MIGRATION FROM HASTINGS AREA

Mr. JOHNSON. That covers one consumers' district for 3 months. The red or the first tabulation is information collected from the consumer's district by contacting all of the branch managers and getting reports from them as to how many people have left the various towns and where those people have gone, and so far as possible what they are going to do in the new location. That has been tabulated in the first column and shows in red figures. The green is an analysis of the report that was prepared at Hastings; and the final column refers to the people who have left Hastings for defense jobs.

Mr. SPARKMAN. Then these in this column could also be included in it.

Mr. JOHNSON. Yes. We show 22 in the green figures and immediately below, we show 8. That means 8 of the 22 that have left Hastings in that period have gone to defense jobs.

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[1] The chart mentioned is held in committee files. The following table, the basic information for which was compiled by C. M. Dominy, of Hastings, Nebr., from credit bureau records, shows points of destination of 297 persons moving from the Hastings area, from June 1, 1940, to October 1, 1941, also the number going to Government employment, the armed forces, defense work, and those without definite destination, but seeking work:

Moved within Nebraska	136
Moved to other Western and Mountain States	87
Moved to Pacific States	53
Moved elsewhere	21
Government employees, State and United States	27
Entered Army and Navy	8
Defense work	17
Migrants looking for work	15

Mr. SPARKMAN. In addition to retaining your skilled workers and other benefits that might come from defense activities placed here, what effect would the sale and use of this power for some purpose in the national defense program have upon the rate at which you repaid the Federal Government for its investment in this set-up?

Mr. JOHNSON. We would pay off the bonds faster.

Mr. SPARKMAN. If you could use all of this in the defense program you would double your sales.

Mr. JOHNSON. Yes. Our debt structure is geared to the normal growth of business in the State. Our estimates have been made very conservatively, particularly on the payment of bonds. If we were to get more business than that, we would be able to pay off those bonds more rapidly.

FEDERAL AID

Mr. SPARKMAN. Did you have a 45-percent grant from the Government and a 55-percent loan?

Mr. JOHNSON. Yes, sir; on the central Nebraska project. The Platte was paid on a 30 percent grant basis and two-thirds of the Loup project on a 30-percent basis.

Mr. SPARKMAN. What is the total indebtedness?

Mr. JOHNSON. We were furnished about $60,000,000 and owe the Government $40,000,000 through the sale of bonds.

Mr. SPARKMAN. What interest do you pay on the bonds?

Mr. JOHNSON. The average is 4 percent. We started at one-quarter of 1 percent. We gradually increased to 5 percent, but the average is 4 percent.

Mr. SPARKMAN. Is that a pretty high rate of interest?

Mr. JOHNSON. We would like to have obtained the money at a lower rate, but that wasn't possible.

Mr. SPARKMAN. What does this power retail for to the average consumer?

Mr. JOHNSON. We are getting an average out of all power we are selling of about 5½ mills.

Mr. SPARKMAN. That is industrial, commercial, and residential?

Mr. JOHNSON. That is firm power, and all put together.

Mr. SPARKMAN. Does it include rural cooperatives?

Mr. JOHNSON. Yes; and we are now selling about 800,000 kilowatt-hours a day.

The CHAIRMAN. The Federal Government has given you all the money you need for the cost of construction; the outlay for all these projects that are completed?

Mr. JOHNSON. The allotments have all been made. We have some money yet to spend. We have one transmission line to build and some cleaning up on some Government contracts.

The CHAIRMAN. But your construction is practically completed, with the exception of some transmission lines connecting some parts of the network?

Mr. JOHNSON. Yes. We are certified to the P. W. A. as substantially complete.

The CHAIRMAN. You feel that, in addition to the fact that you are able to make a contribution to the defense program, you can help everyone who is interested in these bonds by turning this power into defense efforts. Is that right?

Mr. JOHNSON. Yes.

Most of your questions have been relating to power. This project was constructed primarily for irrigation, and we have planned to irrigate 200,000 acres of land. We have just started to irrigate about 26,000 acres this year, and we expect gradually to get that under irrigation, and at the end of a 4-year period to have all of it under irrigation, in addition to our own irrigation and supplying water on 179,000 acres in the Platte Valley that have had ditches over a long period of years but an insufficient water supply.

Mr. OSMERS. That makes a total of how many acres?

Mr. JOHNSON. Two hundred and twenty thousand for our district and 179,000 along the Platte Valley.

INTERSTATE MIGRATION FOLLOWING IRRIGATION

Mr. OSMERS. That is 399,000 acres. When this irrigation project gets in full swing, do you think it will cause migration back to Nebraska as a result of more profitable agriculture?

Mr. JOHNSON. There may be some migration back to the State. I think the principal increase of population in the areas that are being irrigated will be from some of the areas that are still loosely populated.

Mr. OSMERS. There will be a transfer of population from one part of Nebraska to another?

Mr. JOHNSON. A large part will be that, I believe, because we have a considerable acreage in Nebraska that will have to be turned back to grass. The humus is being depleted every year, and with the depletion of the subsoil moisture, even with normal rainfall, a large part of that land will be turned back to grass. In connection with these changes, there is one thing that could be done which would greatly benefit the State's industrial condition. That is the development of industries here that could later be turned into plastic plants. On our land, both outside and inside the irrigation districts, we have a large amount of materials, such as corn stalks and other roughage on the farms, that could be turned into plastics.

Mr. OSMERS. Do soybeans grow well here?

Mr. JOHNSON. Yes; under irrigation. But in the dry areas the corn crop, instead of being a loss, could be cut up for use by these plastic industries, and the farmer would receive a sufficient amount to continue to live on his farm.

Mr. OSMERS. Is there any plastic industry in the State of Nebraska?

Mr. JOHNSON. No.

Those industries would be running at the time when the labor supply from the farm would not be busy, and thus there would be a labor supply for such plants without interfering with any other industry or with agriculture.

Mr. OSMERS. Has anything been done to establish an experimental station by the State of Nebraska or by the Federal Government to develop plastics?

Mr. JOHNSON. The State University has been working on it.

Mr. OSMERS. The reason I ask about the possibility of in-migration as a result of irrigation projects is this: Irrigation leads to intensified agriculture—smaller units, more people required, and different kinds of crops. And I thought that that in itself might attract people from other States. It has done so elsewhere. I thought it might here.

Mr. JOHNSON. It will to some extent, although naturally if the people living here in the areas not to be irrigated have to leave their farms, they will go to these irrigated areas. That will be the first migration;

and then the people from the outside will make up the supply that does not come from within the State. We have now from 250 to 350 acres per family on the farms in this area, and that will eventually be cut down within 5 years to around 80 to 100 acres per family; 80 acres is the average unit in all the reclamation projects in the United States.

Mr. OSMERS. If you farm the same number of acres, that would require three or four times as many farmers as are now engaged in that area. And it seems to me that you would be drawing people from outside the State and some people back to the State who have been driven out by the drought.

Mr. JOHNSON. We do want to build up the number of people on the farms. The average number of people in the towns and cities in our irrigated sections is about half of the total. There are about as many people in the towns and cities as on the farms. In the average irrigated area throughout the United States we have about 60 percent living in the towns, so there would be a greater increase in the population in the towns than in the country.

Mr. OSMERS. That is probably due to increased buying power and more demands for retail services, also to more manufacturing and to the working up of products resulting from irrigation, such as processing and preserving.

LAND VALUES INCREASED BY IRRIGATION

Mr. ARNOLD. Can you give me an idea how much this irrigation raises the price of land?

Mr. JOHNSON. There will be a gradual rise in price as people in the area become more conscious of what irrigation will do for them. We have had possibly a 15- or a 20-percent increase in the price of land in our projects, and there will be more than 100-percent increase within the next 5 years.

The CHAIRMAN. Thank you very much, Mr. Johnson. I might say, not only to Mr. Johnson but to all witnesses, that written statements will be received and printed in the record in full, and if any witness cares to supply something additional, the record is usually kept open for 10 days or 2 weeks for the purpose of receiving such additional material.

Mr. JOHNSON. I wonder if I might ask the committee one question before I leave. You people are doing a considerable amount of work in getting all these data together. I believe within a 2-hour drive around Hastings, through the country, you can see a condition that exists from South Dakota all the way down to Texas. I believe that the businessmen here will be glad to show you just what is happening to these farms, if you have time today. I think it would be well worth your while to make a trip and see this country at first hand, and observe just what is happening to the land. You will see farms that have been well developed and then have gone back and have been abandoned. You can read about it, and get information about it, but I believe that if you go out and see these farms yourselves, it would be of considerable enlightenment to you.

The CHAIRMAN. I hope that can be worked out. It has been a most difficult problem to get away from Washington and to give as much time to these hearings as we would like.

Dr. Creighton, Mr. Osmers will interrogate you.

TESTIMONY OF DR. JOHN W. CREIGHTON, PRESIDENT, HASTINGS COLLEGE, HASTINGS, NEBR.

Mr. OSMERS. Dr. Creighton, will you give your full name and occupation, for the purpose of the record?

Dr. CREIGHTON. John W. Creighton, president of Hastings College, Hastings, Nebr.

Mr. OSMERS. I have read your statement, Dr. Creighton, and found it very interesting.

(The statement referred to above is as follows:)

STATEMENT BY DR. J. W. CREIGHTON, PRESIDENT OF HASTINGS COLLEGE, HASTINGS, NEBR.

The census returns of 1940 reveal a serious drop in the population of Nebraska. This decrease is especially serious in this section. Instead of a normal increase, there is an actual loss. Nebraska has been redistricted with the loss of one Congressman, dependable evidence that this State has not kept up with the normal increase of the country at large. The population of Adams County has decreased to the extent that revision downward of salaries of county officials has been mandatory.

The year 1941 has seen the end of the drought period and the real beginning for this general area of the effective influence of the tri-county project—two events that should materially have changed the population trend from an outgo to a come-back basis. But this seems to have failed to occur. Instead, still more of our people are leaving.

In a sense, the latter condition is worse than the former. In the drought years many who left were the natural failures. They left because they could not succeed on the narrow margin of existence obtaining. Those leaving now are the more superior individuals, those whose natural and acquired abilities are relatively great. We are losing many fine young men and women from our farms, our stores, our schools, and our homes. The men are attracted by the high wages of the defense plants and the young women by the salaries in offices of defense plants and Government agencies.

To support these statements, let me report that of 307 graduates of Hastings College during the period of 1935–1940, 125 have moved from Nebraska. Of the 825 students who did not return for graduation during the 5-year period, approximately 125 have left the State. Of the graduates of high schools suggested as possible students for Hastings College in the summer of 1941, 163 are reported to have left the State before the opening of college, 51 going to the one State of California.

It is obvious that the business and social life of this area will suffer even more from this later emigration than from the departure of the near-destitute of the thirties. There is ground for the fear that this area is to be defaulted into an old-folks home, this territory that really should be a young man's country. There is opportunity here for ambitious young people, especially with the development of power and irrigation. It is desirable that the unnatural pull away be overcome so that this region may have the normal development of prosperity logically following irrigation and power developments.

There is danger that these effects will be more or less permanent. The depletion of the young manpower is always serious, whether through war, pestilence, or pronounced migration. Further, while the tendency of parents to follow sons has not been excessive, there is a strong probability that many families will later be attracted away from this area.

It is not to the advantage of our country as a whole that any part suffer. Our businessmen will fail, our taxation program will be disrupted, and our whole social life will suffer.

The basic institution of America is the home. Next come three houses—the church house, the schoolhouse, the courthouse. Home life, religion, education, and observance of law—these are American characteristics. The migration from artificial causes that we now see in this area is inflicting damage on home life, church life, and school life.

As an example of the effect on church life, let me cite the plan that certain Presbyterian churches in this area have been forced to adopt. The Presbyterian

Church has held the major principle of an educated ministry. In practical terms this has meant a 4-year college course followed by 3 years in a theological seminary or divinity school. At the present time, however, there are a number of young men at Hastings College who are in charge of Presbyterian churches. These churches have become too weak to support men of adequate training—according to Presbyterian standards—and are thus compelled to use men of inferior training. It is not to be expected that these churches will prosper to the same degree as under more competent leadership. To be specific Hastings College now has seven students serving churches regularly.

As to possible solutions of the problem we must depend on both temporary and permanent procedures. We must offset the temporary causes—causes which do produce permanent effects however—by temporary correctives. At the same time we must hold out dependable promises to the people of the area that permanent procedures are to come.

The temporary lures calling people away are largely defense plants. This area should receive defense plants in general proportion to its population. One type is that of the aircraft and flying school. Many air fields are located close to high mountains where conditions would seem to be far more hazardous than obtain in any probable battlefield of the present World War. Nebraska with her good weather and her flat and open country would be an excellent place for flight training.

TESTIMONY OF DR. JOHN W. CREIGHTON—Resumed

Mr. Osmers. I wonder if you would enlarge upon it for the committee and compare the migration of today—that resulting from the defense program—with the migration of several years back, due to the drought and other causes.

Dr. Creighton. We haven't made a study of the latter type of migration at our college. We have known that it existed, but it hasn't affected us so much as the recent migration for the reason that migration during depression years was of the failure class—the near-destitute people, those who have not made the grade. Those persons haven't been very much in our constituency so we have no record of their movements. We simply know that it has been going on. Recently we have been very conscious of it. During the years 1935 to 1940, of 307 graduates, 125 have moved out of the State. There is also a loss in students from the freshman to the senior year averaging 65 percent in all colleges in this part of the country.

Mr. Osmers. You mean, seniors as compared with those who entered as freshmen?

Dr. Creighton. Yes. Only 35 percent of the entering freshman class continue in college through their senior year. So there is a pretty big loss in all the institutions. But in that same 5-year period, of the 825 students who dropped out, 125 have gone out of the State. Last summer, out of 1,200 students who had been recommended to us as good college material, 163 left the State. Not all of them would have come to Hastings College; some would probably have gone to some other college or university. Of the 163 who have left Nebraska, 51 have gone to the State of California. That would indicate that there is some special reason for their removals. The Denver defense plants get a lot of them, probably.

FAILURE TYPE OF MIGRATION

Mr. Osmers. You mention in your testimony the extremely large out-migration during the past 10 years. You put these people in the "failure class," for want of a better term. I am going to try to determine how many of those removals were caused by failure of the people and how many by a failure of the land on which they were living.

Dr. CREIGHTON. I would say the failure is more in the skies. For one thing, it hasn't rained enough.

Mr. OSMERS. That would be more attributable to acts of God than to failure of the people living on those farms.

Dr. CREIGHTON. Yes; except that there is always a certain margin. Some persons can adapt themselves to a very narrow margin; others cannot.

Mr. OSMERS. The reason I have made a special point of that condition is that in some areas we have evidence indicating that those who remain are laggards and those having initiative picked up and left.

You have given us very interesting figures for the period from 1935–40. Has Hastings College made any similar 5-year period study concerning the movements of its graduates? Could we determine if it was unusual to have one-third or more of the graduates leave the State?

Dr. CREIGHTON. We don't have any studies that I could draw upon immediately, but we could investigate.

Mr. OSMERS. Do you consider 125 out of 307 an unusually high proportion?

Dr. CREIGHTON. I should say that it is more than the normal expectation, but I should say further that during the 5-year period beginning with 1940 outgo would be much higher than in earlier periods. We have found, for example, in trying to get in touch with our very recent alumni, that they are going out of the State. At a recent homecoming football game we wanted to get an alumnus to broadcast the game—a former football star who has been quite successful as a coach. We checked and found he had gone to California with a friend holding a similar type of position. Those are the kind of men that are leaving now. That wouldn't have been true 5 years ago.

Mr. OSMERS. The present out-migration is significant in that it is drawing more heavily on the youth group than on any others.

Dr. CREIGHTON. That is right.

Mr. OSMERS. If this migration continues, what, in your opinion, will be its effects?

Dr. CREIGHTON. I think you have a situation where the ambitious man is going out and leaving the less ambitious—or, putting it in other words, the younger generation is leaving and the older people are remaining here.

Mr. OSMERS. What will be the picture here when the last of the younger generation have migrated out of the State?

Dr. CREIGHTON. For one thing, we will have a much less progressive population when the younger men have gone.

Mr. OSMERS. What, in your opinion, would be the solution to this problem, bearing in mind the testimony of Mr. Johnson regarding irrigation?

Dr. CREIGHTON. I certainly can't add anything to Mr. Johnson's testimony. The only thing I could do would be to supplement it. I think that we are going to lose our ambitious men because there is not enough going on in this area to hold them. The cases I have cited would be a support of that contention. I believe that, as a long-range proposition, Mr. Johnson's suggestion about developing plastics in order to use our agricultural products in industry, is the final solution. Now there is one thing that he didn't touch upon that I think is important. I have had conversations with some of the larger sugar companies—the Great Western in Denver, and others—and they have

been watching this area. They tell me there is not very much hope because the allotments for beet sugar are all taken up. Even if, through our irrigation, we should open up territory that would be good sugar country, we would still be denied the development that would normally ensue because the sugar lands have already been taken up.

Mr. Osmers. From what figures I have seen it appears that many of your people are going to California to work in the aircraft plants. Presuming that this out-migration continues during the defense period, when peace comes I doubt whether the aircraft industries of California will be able to provide employment for those people who are now leaving Nebraska. Now, it is my judgment that peacetime opportunity is more important for Nebraska, and for any place, than wartime opportunity. Taking your own graduates as an example, do you anticipate that they will return to Nebraska after the war period?

Dr. Creighton. That would depend upon a great many factors, most of which we do not know. I think there is always a tendency that when a young man goes into a locality where the wages are good he will be married. He will settle down and it will be very much harder for him to return to Nebraska than it was for him to move away.

Mr. Osmers. If the State of California has no employment for them and refuses to give relief, isn't it likely that a number of them will return to this State?

Dr. Creighton. It will be more likely that we will have to expand the relief agencies and the W. P. A. in California and keep them there rather than having them come back to Nebraska.

Mr. Osmers. I think that is a very proper deduction from what I have been able to gather.

EFFECTS ON RURAL CHURCH

What have been the effects on the rural church during this period?

Dr. Creighton. The rural church has suffered before this. It isn't all of recent date. Hastings College, which is connected with the Presbyterian Church, has always held as their major principle the education of ministers. A young man preparing for the ministry would go to college and then to the seminary for 3 years; he would then be ordained and take a church. He would usually get married about that time and that would call for a certain salary to support him. Now in this area the presbytery of Hastings, there are 30 or more Presbyterian churches. I think only 5 of them are self-supporting. A great many of them have not been able to carry on regular church services at all. The chairman of the presbytery, Mr. Hanson, of Holdrege, has worked out a plan whereby students take charge of those churches that cannot support a pastor. We have at present 7 students carrying on the regular work of a pastor in a church. They are not very well prepared for it. They have only had 2 or 3 years of college and sometimes not even that much.

Mr. Osmers. What age are they?

Mr. Creighton. They are usually older than the average college student—from 22 to 28. The average age in college is from 20 to 22. They are somewhat older because the churches would like a somewhat older type and some of these men are married and have an arrangement whereby the wife lives in the parish all the time and the college student husband goes home on Friday evening and he is there Saturday and

Sunday. It is an exceedingly inefficient way to handle it but it is the best that can be done.

Mr. OSMERS. The reason for the use of these expedients, is, I suppose, that the congregation is unable to support the payment of the services of a regular pastor.

Dr. CREIGHTON. Depletion in membership and lowered financial ability of those who remain.

Mr. OSMERS. Do you anticipate that we are entering a period where it will be necessary to centralize churches, as is the case with schools, or are the distances involved too great in this area?

Dr. CREIGHTON. There will be centralization, of course, and some of that is necessary, quite obviously. It may be that we should not have some of these churches. Not all of these churches are being cared for.

Mr. OSMERS. Even with the use of these expedients you mention they are not being cared for?

Dr. CREIGHTON. I think the policy of the particular presbytery involved here is one of taking rather heroic measures for those churches that should be preserved, no matter what happens. These locations are strategic and should be preserved, looking toward a better day. That is the basis of their procedure. There are some other churches, however, that are not being cared for, churches which they assume are unnecessary.

CONDITIONS FAVORING FLYER TRAINING

Mr. OSMERS. Changing to the industrial scene, you make a very interesting suggestion in your prepared statement, Dr. Creighton, that I would like to have you enlarge upon for the committee. That is in regard to the possibility of establishing flying schools in this vicinity and also of establishing defense plants.[1]

Dr. CREIGHTON. Naturally we are very much interested in this. We have had an airport here for some time. We have an arrangement with the college and have trained a number of these young men to fly. My own son is just about ready to get his commission in the Army Air Corps in San Antonio, and I have looked at the air developments rather closely. I have been concerned with the number of crashes that have occurred near the air fields, near San Diego and Denver. I was in Denver just 2 weeks ago at Lowry Air Field. While this field is on level country it is very close to the mountains and people there say these mountain air currents come sweeping down on the field without warning. I see no sense in these boys of ours being trained under conditions far more hazardous than those existing in the European battlefields. They don't have mountains like the Rockies or the Sierras over there. Why should we choose the most hazardous areas for training these boys? Here in Nebraska we have level country and the changes in temperature are rather slow and predictable compared to the mountainous areas. Why not take these areas where we have good weather a high percentage of the time? Why not train our men in these areas where conditions are much less hazardous?

Mr. OSMERS. I think that is a very interesting suggestion. I know that the basic facts you set forth about some of these air fields are true—that they are subject to unusual weather conditions leading, in some instances, to loss of life. Has any such proposal been made from this area with specific reference to that possibility?

[1] See p. 8253.

Dr. CREIGHTON. Yes. I don't know how effective that proposal has been and whether it was made in just the right fashion or not. I know the airport has been interested in that proposal.

Mr. OSMERS. The trend has been to train them in the South, where as nearly as possible they can get in 12 months of training every year—in Alabama, Texas, and elsewhere.

Mr. SPARKMAN. May I interject this thought? You mentioned Lowry Field. I don't believe they train fliers at Lowry Field. The pilots go in there already trained. They do train enlisted personnel, radio operators, and photographic technicians.

Dr. CREIGHTON. They do lots of flying at Lowry Field.

Mr. SPARKMAN. They do worlds of flying, but the pilots are supposed to be finished pilots, ready to fly under any and all conditions.

The CHAIRMAN. I think, Mr. Sparkman, you may find in this area contract flying schools giving private instructions for the Army in connection with Lowry Field.

Mr. SPARKMAN. That may be true. I don't know. I do know that back earlier in the program an arbitrary decision was made that training for pilots would be south of the thirty-fifth parallel, and north of that would be tactical locations.

Dr. CREIGHTON. In our civilian pilot-training program we haven't had very much trouble with the boys getting in their flying hours. They fly all winter here. We have a first-semester group and a second-semester group, which indicates, I think, that our flying conditions are quite good. An examination of the weather reports would indicate that this is good flying territory.

The CHAIRMAN. The entire Great Plains are relatively free from fog the year round, are they not?

Dr. CREIGHTON. Fog is an unusual occurrence in this area.

Mr. SPARKMAN. I felt myself that the drawing of that line was rather arbitrary. I think they should take into consideration the weather conditions prevalent in an area.

Dr. CREIGHTON. We have weather reports available for a good many years.

We have rain at night, but it scarcely ever rains during the day. I believe that the weather reports show that this area is about the second most favorable as regards sunshine in the whole country. I think you can verify that from the records. I am not a native.

The CHAIRMAN. Thank you, Dr. Creighton. We will give our reporter a 5-minute recess and we will have a panel of Hastings businessmen consisting of Messrs. Fred Seaton, Charles Anderson, L. T. Johnson, E. D. Einsel, Hal Lainson, Dean Gray.

AFTER RECESS

TESTIMONY OF PANEL OF HASTINGS BUSINESSMEN

The CHAIRMAN. Mr. Seaton will act as moderator of the panel, and I will ask him to give the names of the witnesses to the reporter.

Mr. SEATON. These gentlemen are [indicating] Charles Anderson, manager of the Western Land Roller Co.; L. T. Johnson, secretary-treasurer of the Brown-McDonald Co.; E. D. Einsel, president of the

Hastings Equity Grain-Bin Co.; Hal Lainson, secretary of the Dutton-Lainson Co.; and Dean Gray, manager of Food Centers, Inc.

The CHAIRMAN. For the purpose of the record I will ask a question or two. Mr. Seaton, you are president of the Hastings Chamber of Commerce, are you not?

Mr. SEATON. That is right, sir.

The CHAIRMAN. What is your business?

Mr. SEATON. Publisher of the Tribune here in Hastings.

The CHAIRMAN. Is that a daily paper?

Mr. SEATON. Yes, sir.

The CHAIRMAN. Mr. Lainson, with what firm are you connected?

Mr. LAINSON. With the Dutton-Lainson Co.

The CHAIRMAN. And what line of business is that?

Mr. LAINSON. Wholesale and manufacturing.

The CHAIRMAN. How long has that firm been in existence?

Mr. LAINSON. It was established in 1886.

The CHAIRMAN. Mr. Einsel, what is your business?

Mr. EINSEL. We are in the manufacturing business, the Hastings Equity Grain-Bin Co., manufacturing sheet-metal products.

The CHAIRMAN. What type of metal products?

Mr. EINSEL. Primarily farm equipment, such as steel grain bins, stock tanks, irrigation well-casing, hog feeders, and similar items.

The CHAIRMAN. How long have you been in that business?

Mr. EINSEL. Since 1910.

The CHAIRMAN. Mr. Johnson, with what business are you connected?

Mr. JOHNSON. With the Brown-McDonald Co.

The CHAIRMAN. What is their business?

Mr. JOHNSON. We have retail stores in Nebraska, Kansas, Iowa, and Colorado.

The CHAIRMAN. Those are department stores?

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. And what is their main item?

Mr. JOHNSON. Men's and women's ready-to-wear and piece goods.

The CHAIRMAN. Mr. Gray, with what business are you connected?

Mr. GRAY. Food Centers, Inc.

The CHAIRMAN. Is that a local retail store?

Mr. GRAY. It is a local chain of grocery stores.

The CHAIRMAN. Where do you operate?

Mr. GRAY. We operate around Hastings and Grand Island. We have 20 stores in 18 towns.

The CHAIRMAN. And Mr. Anderson, what firm are you with?

Mr. ANDERSON. The Western Land Roller Co.

The CHAIRMAN. What kind of company is that?

Mr. ANDERSON. We manufacture farm implements—hay makers, buck rakes, land rollers, field rollers, combination feed grain bins, and roughage mills, and irrigation pumps.

The CHAIRMAN. Mr. Seaton, we shall begin with your testimony, and therefore I shall ask that your paper be inserted in the record at this point.

(The paper referred to above is as follows:)

STATEMENT PRESENTED BY FRED SEATON, PRESIDENT, HASTINGS CHAMBER OF COMMERCE, HASTINGS, NEBR.[1]

The survey of the chamber of commerce conducted for the purpose of determining the effects of the defense program on migration to and from Hastings was conducted from five angles: Population trends, agriculture, retail, industry and wholesale, and recommendations.

A study of the population trends shows that Hastings has had an irregular trend since 1880, but since 1900 had shown a constant increase until 1930 and a loss of 2.2 percent between 1930 and 1940. The county has shown a greater loss (6.5 percent) in proportion to population than has the city, which shows that much of the migration which has been occurring throughout the county is caused by the inability of farmers to withstand drought and low prices.

The Agricultural Adjustment Administration, of which Mr. John L. Weeks is chairman, reports that farm operators in Adams County have decreased from 1,900 in 1930 to 1,720 in 1941. A greater part of this loss has occurred in the more recent years. Mr. Ernest T. Lindgren, county assistance director, reports that of the 220 males that are certified and working on Work Projects Administration, 35 have recently worked on farms, 75 have been farm operators, and many of the remaining 110 have had some farm experience.

While it is impossible to know exactly how many farmers have migrated from this area, a study of the 1940 census shows that the migration from the Nebraska district has been far greater than from most of the other States which are considered as being in the drought area. Due to the fact that the city has lost only 345, while the county has lost 1,699 (15.6 percent), it would indicate that a large percentage of migration from this district have been farm laborers or farm operators.

As previously stated, there has been some loss from city population. This is in part made up by an influx of families from other sections. A study of the present condition shows that about 300 families per year have migrated from the city and approximately the same number have migrated to the city. However, when we study the age groups we see there have been 136 inducted into military training from Adams County between the ages of 18 and 36, inclusive. It is also interesting to note that 79 percent of these were employed at the time of their induction and that all of these have homes in our county. Of those inducted 16 were farmers. In addition to those inducted there has been approximately 250 boys and girls of college age who have taken civil-service positions away from our city and county. The reemployment office has made approximately 75 placements in States outside of Nebraska in recent months; 50 of these going to aircraft factories on the west coast, and others to various defense areas that might employ skilled or semiskilled laborers.

A check of the manufacturers in our county shows that they have lost from their employment a total of 90 of whom approximately 20 were under 25 years of age. Of this group lost to manufacturers, approximately 35 were skilled or semiskilled and left their jobs for better positions elsewhere.

With these facts in mind we estimate there have been around 200 families lost to our county due to drought conditions and poor farm prices. There has been a total of from 500 to 600 younger persons that still have their homes in Hastings who have secured employment elsewhere or have been inducted into military training. We have been assured that most of these young people who have left will be glad to return when and if employment for them is forthcoming in our city, unless such opportunities are too long delayed. (History shows that young people readily return to their respective communities if they have an opportunity to do so before they become acclimated to their new surroundings.) It is estimated by the various farm, welfare, and employment services that 75 percent of the emigrants from our county are men and the rest women.

A study of the labor condition shows that the manufacturing firms, to date, have had no difficulty in securing all of the skilled help necessary. It is interesting to note that there is a slight shortage of journeymen plumbers, but, generally speaking, there is plenty of labor still available for all of the present needs and also for the future. The reemployment office has submitted the following figures on persons who, according to their records, are desiring employment right now.

[1] Prepared by R. M. Thompson, secretary, Hastings Chamber of Commerce.

	Total men	Total women	Skilled and semi-skilled	Unskilled
Adams	275	107	105	170
Clay	141	35	30	111
Franklin	89	10	22	67
Kearney	50	40	12	38
Nuckolls	125	90	35	90
Webster	107	23	30	7
Total	787	305	234	553

These figures are given on all five counties in view of the fact that should a defense industry be located in this area the labor residing in the area would be given first consideration. In addition to those who are applying for employment there are many who are on Work Projects Administration who might be employed if positions were made available to them. However, a study of the age of the average male certified to Work Projects Administration shows that he is 48 years of age, an age which in some cases would jeopardize his possibilities of employment on defense or other work. A further study made by the Assistance Administration showed that 75 percent of the men leaving Work Projects Administration were under the age of 50 and most of them were securing other employment.

In summarizing the population trends we call your attention to the loss of young people to our county by induction into military training, civil service, and defense employment. It is our belief, however, this migration of young people with the exception of military training can be stopped immediately when some kind of employment in our section of the State is made available to them.

The agricultural statistics of this area, which should include five of the counties in this retail-trade area, show that we are substantially dependent upon wheat, corn, and livestock. Especially is this true of years previous to 1930 when very little effort was being made to diversify farming. During the past few years some slight changes have been made but apparently the farmers are more or less unwilling to deviate from the above-mentioned sources of income, in spite of a continuing cycle of deficient rainfall which has occurred from 1920 to the present time and especially acute during the last 10 years.

The precipitation of our particular locality has varied from 27 inches down to a low of 11 inches. Fortunately rainfall of other sections of our trade area has helped to keep a more or less balanced wheel in spite of terrific losses taken by the farmers on both corn and wheat. A 20-year survey of yields shows that wheat has yielded a top of 22 bushels to the acre and a low of 3 bushels to the acre. (All figures are based on average yield for all acres harvested.) Corn in the same years shows a decided decrease beginning in 1920 with a high of 16½ bushels to a low in 1934 of 0.5 bushel and last year showing 1.5 bushels.

CROP AND LIVESTOCK VALUATIONS

In addition to drought troubles since 1936 corn has decreased from $1.18 per bushel to 52 cents in 1938; wheat from $1.00 per bushel to 51 cents. It is very easy to see why farmers have migrated from our district. According to Nebraska agricultural statistics, a high of $10,000,000 for livestock in 1931 was recorded on the farms in Adams, Webster, Nuckolls, Franklin, and Clay Counties and a low of $5,000,000 in 1938. Crop values for these same counties dropped from a high of $7,000,000 in 1933 down to a low of $1,000,000 in 1934, and back to the $7,000,00 mark in 1937.

The various agricultural agencies together with the Chambers of Commerce have been trying to stimulate a diversification of crops for many years but very poor results have been obtained thus far.

According to Mr. Weeks, chairman of the Adams County Agricultural Adjustment Administration program, there is only one way to restore population as far as agriculture is concerned and that is through irrigation. More and more study is being made of the benefits from irrigation and the advisability of irrigating by wells. There was a time when irrigation of this nature was discouraged by agricultural authorities but, in view of the lower power rates and more efficient machinery, new interest is being taken in this part of the agricultural program. At the present time in this immediate vicinity there is being proposed a district consisting of 65 wells that will irrigate a large section of what is now known as the dry side of the Hastings district. Low power rates

and efficient pumping services are being offered to the farmers in this district. We find that there are 48 irrigation pumps already installed in Adams County and 25 more will be put down for operation in 1942.

Diversification will very definitely provide more labor for farm laborers but it is not likely to increase the population of the county as it is considered likely the farm laborers already employed will be able to take care of the additional work which will be the result of diversification. The main advantage of diversification is preventing a complete loss to the farmer in case of weather conditions or price failures.

It is thought by most authorities that if the farm produced good crops the farm operators would not leave the farm for defense work. On the other hand defense work offers to farm labor a very definite increase in income, thus forcing the farmers to pay higher wages and increasing the cost of production. Unless some check is made between now and planting season it is very likely the farmer will experience great difficulty in securing sufficient labor to carry on his farming activities.

You have asked what effort is being made to secure an agricultural industry for our county. It is recognized by most authorities in this district that we are best fitted to carry on an industry which will process or manufacture agricultural products which can be raised here. Therefore, we are making an effort to obtain any kind of factory that would use raw materials of this locality.

The retail survey shows that the retailers of this area are dependent upon agriculture, industry, and wholesaling—on a percentage basis approximately 60 percent on agriculture and 40 percent on industry and wholesale. The retail business in our particular locality has shown a substantial increase during the past year in spite of the population trends away from our city. This is caused primarily by the better crop income that has offset much of the loss which otherwise would have been shown because of migration.

EFFECT OF DEFENSE PROGRAM ON SMALL BUSINESS

The defense program has benefited our community somewhat in the 4 defense contracts which have been awarded to our manufacturers. However, it is likely that unless certain changes are made immediately we shall see the closing of some small retail business houses in our area during the coming year. We have interviewed one or more business executives in almost every line represented in our city and find that the merchants who either had the capital or credit rating have been able to purchase sufficient stock in preparation for the shortage which has been talked about for several months. These men are able to do business as usual. However, the small businessman who had no ready capital has lost thousands of dollars in sales because of his inability to get delivery on merchandise. Even large national firms have experienced loss of business for this reason.

It is estimated that merchandise which formerly came on 2 weeks' notice now requires 4 months and necessitates a merchant carrying larger stocks than he has ever carried before. In some cases this has made the retail business unprofitable because of the necessity for increased storage space and handling charges. We find that most of the merchants have tried to keep prices well within the range of the customers' ability to pay and in many cases have not advanced prices as fast as they could have in view of the economic conditions.

Those who sell appliances, hardware, automobiles, and other articles that use metals, chemicals, clothing, and other items on the priorities lists are likely to be forced to lay off help because they are unable to obtain commodities to sell. In this particular group it is likely that there will be a loss of some 25 to 50 employees within the next 12 months in Hastings alone, unless some changes are made whereby articles of this nature can be made available to the public.

The building business has already experienced a set-back because of Washington announcements that materials would not be available for building homes. This announcement has since been changed but according to one contractor it definitely put the damper on all talk of new construction for 4 weeks. Many who were talking about building a home previous to the control of the Government on certain products have dropped all thought of that improvement in view of the fact that they cannot be assured the house will be finished in any reasonable length of time.

One retail store reported that after his supply of electric wiring materials were sold he would be unable to supply his customers without written authority from Washington.

The Chamber of Commerce and other civic bodies have tried to encourage the retail businesses to keep up their stocks and make as great an effort on

selling as usual. However, we find that some merchants are rather apathetic in view of their inability to get merchandise to sell.

As has already been explained, the industry of our county and city, which includes manufacturing, wholesaling, and railroad pay rolls, is responsible for approximately 40 percent of the income. The chamber of commerce is making every effort to bring about defense contracts for industries in our county. We have also made some effort to secure for our district some of the defense manufacturing firms, an Army cantonment, or any other program which would be financed by the Federal Government. To date we have been unsuccessful in most cases and have secured only four small defense contracts for approximately 20 manufacturers who would like to have some defense work.

The manufacturer is faced with many of the problems similar to those mentioned in the retail section of this memorandum. He is unable to get defense contracts or materials with which to proceed with his regular activities. While most of our manufacturers have some supplies on hand, they are in constant fear of losing some of these supplies if they do not secure a defense contract. On the other hand, they are unable to go ahead with any new work because they have no assurance that they can get materials which are on the priorities list.

In summarizing the retail and industrial situation we find that both are making every effort to take part and cooperate with the Federal Government, but they are constantly being hampered in their efforts by some rule or regulation over which they have no control.

I am listing herewith some examples given me by merchants and manufacturers to show how they are being affected by the defense program and Government regulations:

CONFLICTING GOVERNMENT REGULATIONS

One manufacturer states that he became a subcontractor for a large national firm. He very carefully carried out his part of the program according to specifications and bought a special machine with which to manufacture the product. It was discovered that it was impossible for the local manufacturer to get approval from the Federal inspector for the product to be manufactured. He was therefore forced to sell the special machine back to the prime contractor who manufactured the identical article intended to be manufactured here. He got Federal inspectors' approval because the inspector could see that the manufactured article fit perfectly the prime contractor's part of the completed article. This firm has therefore refused to secure further subcontracts.

A retailer explained that he had been informed that he can only secure 60 percent of the underwear purchases that he had the year before. He states that many other items in his store have been similarly curtailed.

A manufacturer in our county attended the defense-controls clinic held in Kansas City the first part of November and was convinced in his own mind that he could build a certain article which he saw displayed. The military official in charge of this particular item refused to accept any bid from the local manufacturer when it was found he had a production of only 60 tons of fabricated steel per month.

Most manufacturers have been told that they may expect the Government to take over any raw materials which they might have for use in defense activities if the manufacturer does not have a defense contract. They have also been told by other officials they may carry on their regular activities with no fear of any such action on the part of the Government.

Some Government officials who are working with the farmers encourage the raising of livestock, beef cattle, and pigs, while others state that the price they have to pay for this livestock is too high, and therefore discourage the purchase of livestock.

Mr. Holmes, director of the Federal Housing Administration for the State of Nebraska, states that home construction will not be curtailed because of priorities in defense work. The Supply, Priorities, and Allocations Board sends out a notice that much of the material used in a home is on the priorities list and only through special permission can it be used in home construction.

Approximately 6 months after the Office for Production Management had been in existence, and the local manufacturers had complied with the requests for factory surveys, we found out the Ordnance Division of the Army did not even know of many of our factories and they could give no contracts to any of our factories until they made a special survey of the factory.

We have information that a large industry which will use agricultural products to manufacture an article for defense is unable to proceed with its plans because it can get no assurance that machinery will be made available if it installs the factory. It is our understanding that this manufacturer is not asking the Govern-

ment for any assistance with this machinery but only wants assurance that once he starts the factory he can complete it.

One retailer explains that he believes migration from Hastings and similar communities has only begun and unless all kinds of regular merchandise can be made available to stores they will be forced to close and thus force themselves and their employees out of business. This man made a study of those migrating from Hastings as well as those coming to our city and says that in many cases a less skilled man at a reduced salary is taking the place of a more skilled man who left, thus lowering the income and purchasing power of his clientele.

MERCHANDISE SHORTAGES

We have found the following kinds of merchandise are very difficult to secure, all kinds of electrical goods, anything containing copper, plastic, metal goods whether they contain a small or large amount of metal, office supplies, many paper items, hardware and plumbing, stoves, radios, furniture, certain chemicals, lingerie, vitamins, alcohol, rubber footwear, and work shoes.

In speaking to a hotel man we find that salesmen are being taken off of their routes and being forced to seek other employment. Therefore, hotels and those catering to the traveling public are adversely affected by the defense program.

The study we have made of the four parts which you assigned to us shows us conclusively:

1. The farmer must be assisted so he can stay on the farm in spite of weather conditions and fluctuation of prices. This can be done through irrigation in our particular district; some kind of price control that will guarantee the farmer a legitimate profit for his efforts and crop insurance. Diversification will be encouraged by all agricultural agencies as well as civic bodies located in agricultural areas.

The stabilization of the farm income for this district will materially assist in curtailing migration.

2. The Government should immediately adopt a program which will assure the businessman that he can get articles to sell or to manufacture with the least amount of red tape and Government interference. Most businessmen wish to expand and comply with Government regulations and many will gamble on their future ability to sell their products if they can be assured of materials with which to work and a fairly stable labor supply.

3. It is also recommended that the Government, in its endeavor to place defense funds where they will do the most good, should locate defense plants in this district and give defense orders to manufacturers located here, so we shall be better able to keep our citizens in the area in which they are already living. Such a plan for distributing defense funds will keep population from migrating into congested areas and prevent untold hardships and further readjustments after the defense program has ceased.

The following is a list of manufacturers located in Hastings:

Farm processing manufacturers: Nebraska Consolidated Mills, Blue River Creamery K–B Ice Cream Co., Hastings Ice Cream Co., Swift & Co., Debus Corporation, K. & R., Inc., Neilsen Bakery, Steyer's Pastry Shop.

Manufacturers: Arnold Specialty Works, Hastings Mechanical Works, Spitz Foundry, Hastings Canvas Co., Hastings Air Conditioning Co., Wright Manufacturing Co., Central Nebraska Millwork, Jaden Manufacturing Co., Western Brick & Supply Co., Polenske Bros. & Schellak, Hastings Equity Grain Bin, Western Land Roller, Hastings Casket Co., Rose Manufacturing Co., Hastings Daily Tribune, Democrat Printing Co., Percy Renner Co., O. E. Serf Printing Co.

We wish to call your attention to the fact that the majority of these manufacturers are affected because they are dependent upon the manufacturing of articles that have priority ratings.

TESTIMONY OF FRED SEATON, PUBLISHER, HASTINGS TRIBUNE, AND PRESIDENT, HASTINGS CHAMBER OF COMMERCE, HASTINGS, NEBR.

The CHAIRMAN. Mr. Seaton, will you discuss in general the effect of the defense program on the Hastings area to date?

Mr. SEATON. I told Representative Osmers a moment ago that it seems to me that Hastings is in the same position as a man who had

ulcers of the stomach and got cured of that, then got cancer and he got cured of that, and then had to have his arm amputated and, when he was finally getting well, got run over by a truck.

First, we had no prices for our crops; then we had our period of drought, and we had no crops; and then the rainfall came back, and we had a brighter agricultural picture and it looked as though we were reaching the golden trail. And then, all of a sudden, the Government began taking our young men and young women into the civil service, and the mechanics into the defense plants. And, of course, the draft has taken some of our boys, too. Now we are faced with plant shutdowns because of priorities.

As a consequence, we have suffered a serious loss in population, making it difficult for us to get labor in many cases, and our manufacturers are having an increasingly difficult time in getting materials.

We have found that to be true even in our own business—printing. We have to have certain metals and chemicals, and we found it almost impossible to get them. These other gentlemen have had a great deal more difficulty than I have.

With loss of population there comes an economic dislocation directly traceable to the loss of people. There is difficulty in finding tenants for houses. There are no building programs, because there are more houses than there are people to put in them. Our people are living in houses they shouldn't be asked to live in because there are no other houses, and rent is so low that it is not profitable to build.

Then, there is the problem of social dislocation. The defense program has torn these people out of this territory and put the young men in areas some of which we feel—perhaps it is smug of us—don't have the cultural and religious advantages that we do have in the Middle West.

It isn't a very pretty picture, and the longer it continues the worse it will get and the less hope there will be of reaching a satisfactory solution.

SURVEYS BY CHAMBER OF COMMERCE

The CHAIRMAN. Have any surveys been made in connection with the situation by the chamber of commerce?

Mr. SEATON. Yes, sir.

The CHAIRMAN. What is the nature of those surveys?

Mr. SEATON. They have varied. Some were on how much labor we have here in order to get defense manufacturing either for private manufacturers or in a public way. We have gone into the loss of population very thoroughly. The memorandum from the chamber of commerce has some figures on that. We have gone into every phase of the problem that seemed to us to be a reasonable one.

Dr. Creighton mentioned the airport situation. We have done a good deal of work on that. We were successful in getting an air training school of sorts, but we have never been able to have the airport and its possibilities recognized as we thought we were entitled to under the circumstances.

The CHAIRMAN. Isn't it true that every one of these individual problems is far reaching? When there is no building, it is not only the carpenter and the electrician and the painter who are out, but the carpenter's barber and doctor and dentist and grocer, all down the line, suffer also.

Mr. Anderson, we shall interrogate you on certain matters, but first let me say we are including your prepared statement as a part of our record.

(The statement referred to above is as follows:)

STATEMENT BY CHARLES M. ANDERSON, WESTERN LAND ROLLER CO., HASTINGS, NEBR.

I represent the Western Land Roller Co., a manufacturing concern manufacturing agricultural implements, which was established in 1908 and was located in Hastings, Nebr., in 1912, and has been in continuous operation in this location ever since.

The company has enjoyed a continuous and successful growth in all these years, starting from scratch with only five or six employees and doing only a few thousand dollars' worth of business and now employing from 175 to 200 employees and doing over a million dollars' worth of business per year.

During this time there were only two periods when the company did not show continuous growth—the first period from 1921 to 1923, and then again from 1931 to 1934.

During the period from 1912 to 1930, this territory was generally quite prosperous, and without checking any records, I would say, was gaining in population.

This is an agricultural section and when the farmers prosper, everyone prospers. There were, however, years in that period of time when we had a shortage of rainfall and crops were damaged, but there was no general or continuous drought such as we have suffered in the last 10 years. However, I am confident that during the later years of that period, our crop yields were gradually tapering off as the soil was losing its humus because our average rainfall in this territory is barely enough to raise a crop under favorable conditions.

When our soil was new and contained an abundance of humus, it was porous; the soil absorbed the rainfall without much run-off and also retained it better. But as the years rolled along, this humus was gradually being depleted and I am quite confident even though we had not gone into the period of extremely dry years, our crop yields would have gradually been less and less due to this shortage of humus as described.

During the period from 1930 to 1940, we suffered an extremely dry series of years, and as a result our farmers were hard pressed to meet expenses and make a livelihood. In these years of short crops, the migration began and gradually increased as the years continued and in my opinion that was the principal reason for the population movement from this territory which was not only in this immediate territory, but in all of this Midwest section west of the Missouri River in Nebraska, all of South and North Dakota, Kansas, and Oklahoma, west to the Rocky Mountains. I am confident the drought became more acute because of the shortage of humus in the soil in all of this territory which had been farmed for many years.

In the past year or year and one-half since the defense program, there has been some shift from this territory to the manufacturing centers because of higher wages paid in defense industries, but I am confident had our farmers raised good crops in this territory, this movement would have been much less and when the defense program was over, the people would return right back to this territory.

It is my opinion that what we need most in this territory and in all of this semiarid territory where it can be had, is a supplemental water supply and the conservation of rainfall we are now receiving so the humus in these soils can again be built up to receive and retain the rainfall normally received. The cheapest and quickest way of supplying this supplemental water in areas where there is an underground supply, is to pump it. In other areas where creeks and rivers can supply the water, ditch irrigation should be used and water from our creeks and rivers should be impounded and held back for irrigation purposes.

In other areas where pump irrigation is not practical and ditch irrigation cannot be had, contour farming and other means of holding the rainfall and preventing run-off should be practiced.

My explanation of why our company has continued to prosper is because we do a Nation-wide business which is not dependent on this semiarid section.

TESTIMONY OF CHARLES M. ANDERSON, MANAGER, WESTERN LAND ROLLER CO., HASTINGS, NEBR.

The CHAIRMAN. Mr. Anderson, will you tell the committee what the effect of the defense program has been on your business?

Mr. ANDERSON. It has made us uncertain of getting necessary materials.

The CHAIRMAN. What kind of materials do you use?

Mr. ANDERSON. We use many different materials. Steel is our largest item. Scrap iron is probably the second largest. We use ball bearings, belting, bolts, nuts—hundreds of small items like that.

The CHAIRMAN. What is your principal product?

Mr. ANDERSON. At this time we are manufacturing feed grinders—mills for grinding grains and all kinds of roughage—and irrigation pumps.

The CHAIRMAN. Are you having any difficulty in getting materials for making the mills?

Mr. ANDERSON. Ball bearings, I think, and scrap iron are the two things that are bothering us most at this time.

The CHAIRMAN. Are there any other direct effects of the defense program on your business besides your difficulty in getting materials?

Mr. ANDERSON. It has made it hard to get skilled labor.

The CHAIRMAN. Are you losing many skilled workers?

Mr. ANDERSON. We lost quite a number to the Army camps and to better jobs.

The CHAIRMAN. How many men do you ordinarily employ?

Mr. ANDERSON. About 170 to 200.

The CHAIRMAN. Is that the average employment over the year?

Mr. ANDERSON. Yes. It is very steady. There isn't a lot of change in the number of men we employ.

The CHAIRMAN. Do you know how many of your skilled men you have lost to the defense program?

Mr. ANDERSON. I could only estimate it. I would say about 10, possibly.

The CHAIRMAN. Of a pay roll of 160 men, what percent would be skilled workers?

Mr. ANDERSON. About 50 percent of them.

The CHAIRMAN. And you have lost 10 out of 80?

Mr. ANDERSON. That is right.

PRIORITY RATINGS

The CHAIRMAN. What seems to be your difficulty in this material situation? Is it that you can't get a priority rating or that the rating isn't effective after you get it?

Mr. ANDERSON. The rating isn't effective after we get it. The rating that has been given to agricultural implements is too low.

The CHAIRMAN. What rating do they give you?

Mr. ANDERSON. We get A–10 on repairs and B–1 on complete machinery items.

The CHAIRMAN. And it is most difficult to get anything under B–1?

Mr. ANDERSON. That is right.

The CHAIRMAN. What effects on the present market for your machinery have been carried over from the years of the drought?

Do the farmers have a complete stock of feed grinders and other farm implements that they need, or is there an unusual demand for new materials because they couldn't buy them in the past?

Mr. ANDERSON. I hardly know how to answer that question because we have been fortunate in being able to increase our business in the area where they were not suffering from drought in order to take up the slack that we suffer in this area. We have got by in very nice shape by doing that.

The CHAIRMAN. Do you anticipate any further labor losses?

Mr. ANDERSON. We have been able to meet the labor shortage by training new men as they came in off the farms. There is plenty of labor coming in from farms which are being vacated, and in this territory they first come to Hastings.

The CHAIRMAN. Do you find the farm boys adaptable to mechanical work?

Mr. ANDERSON. With training they are some of the best help we have.

The CHAIRMAN. That would be true if any defense effort came into the community?

Mr. ANDERSON. I would think so.

The CHAIRMAN. Mr. Johnson, will you tell the committee your experience in retail sales for the past 10 years?

Mr. JOHNSON. They have gone down, naturally. After 10 years of dry weather or 10 years of very little rainfall, the buying power of the public has gone down. But it is definitely increasing now, in a very limited sense.

RESTORATION OF BUYING POWER

The CHAIRMAN. Do you have any suggestions for the restoring of buying power in this area?

Mr. JOHNSON. The continuation of the farm program has saved us during the last 10 years. I do not have too much confidence in a short-range program. Defense plants will, of course, be wonderful for a short time; but we have to go back to our basic industry—agriculture.

I will say that I think the Department of Agriculture, throughout its various bureaus, has done us a wonderful service. The thing that we have to do is to conserve moisture. We will have a shortage of rainfall, as you know, in the years to come, and I think that the program that has been started will be the means of saving this country.

Now, mass movement doesn't go fast. Have you ever driven out in the northern part of Kansas and seen contour farming? Well now, that movement can't take on all at once. But through this contour farming, we are bound to conserve our moisture. And I am not selling Nebraska down, because even if we have a normal amount of rainfall, with the Government programs, crop loans, and all of those things, why, I feel that we can almost take care of ourselves.

The CHAIRMAN. Do you believe that increased industrial activity will help the area in general?

Mr. JOHNSON. Well, industrial activity depends on the efficiency of the plant management, and that varies. We have industrial plants here in the State that stand on their own ground and have prospered and will continue to prosper, but I am talking about the wide territory that we depend on. A good industrial plant in a town will help one town, but we have a wide problem here, as you know. Some industrial plants will help if they have the proper management and if they are in the right places.

The CHAIRMAN. Mr. Einsel, before we proceed, I should like at this time to have your prepared statement incorporated into the record.

(The statement referred to above is as follows:)

STATEMENT BY E. D. EINSEL, PRESIDENT, HASTINGS EQUITY GRAIN-BIN MANUFACTURING CO., HASTINGS, NEBR.

The date of the beginning of this corporation was February 9, 1910; its original purpose, the manufacture of steel grain bins for farm storage of small grain. It was found, because of the nature of the product, seasonable in sale, that other products must be added to the line. By the addition of steel stock tanks, steel water storage tanks, steel hog troughs, and other related farm products, it could maintain employees over a longer season of the year and have them available at the seasons of the year the sales demand was greatest for its major product—steel grain bins.

Our products have always been sold through the dealer channel of trade such as the local hardware, implement, and lumber dealers over the trade territory covered. Territory worked by salesmen has been Nebraska, northwestern Kansas, eastern Colorado, southeastern Wyoming, parts of southern South Dakota, and extreme western Iowa. Reasonable progress was made in developing the business up to 1932, at which time the deflated prices of agricultural products so lessened the volume of sales that only a small percentage of normal business was done by this company from 1932 up until 1939 when crop conditions over the above trade territory began to improve. Unfortunately the farm population had been so seriously depleted over this trade territory over the drought years that demand for many of our items was very seriously affected. The items manufactured by us used in connection with the production of livestock were very slow to come back. Most all of the farmers in this trade territory had been forced to sell their livestock holdings to liquidate existing debt or because of inability to purchase feed to carry breeding stock on the farms awaiting a return of more normal crop yields.

Because of unfavorable crop production in our trade territory, naturally volume of sales was very much affected with a corresponding effect on our ability to furnish steady employment to our normal number of employees. Beginning in 1939, with improved crop conditions over the trade territory coveerd we found the depletion of livestock so serious that many of our former lines of manufactured items did not increase in volume as we had expected. By Government reports we realized the principal reason was that so many farms had been abandoned and many of them not producing any livestock and in many instances only a small part of the farm land was being farmed. Because of those facts it has been necessary to add further items to our line to try and maintain our business. Such items as underground oil tanks used on farms for storage of tractor fuel, and the soliciting and repairing of sheet metal parts of farm equipment.

Unfortunately during the entire period of poor crops it was difficult to maintain steady jobs for our employees. Our company has believed that it was to its best interest to use men in secretarial jobs. It has had experiences in keeping this class of help that I believe will be of interest to anyone seeking information about small business. Since 1931 we have lost six employees to Civil Service. The point we feel is of interest in this connection is that these employees had only a few days' notice to report to their new jobs which made it impossible to secure new help that could be broken in by the party leaving. We estimate it takes at least a year or longer to familiarize such an employee with the details of his job due to the seasonable items we manufacture, advertise, and sell. If it were possible to have 2 to 3 weeks' notice before an employee must report to a civil-service job we believe it would be of great assistance to the employer so that new help might be employed and partially broken in, causing a minimum of hardship on the business.

While crop conditions over our trade territory have shown a marked improvement in 1940 and 1941, the defense program has seriously affected our operations. Because of our inability to secure raw material in time to supply the demand we had for steel grain bins during harvest we estimate that we could have easily doubled our dollar volume of sales and sold an additional 500 to 1,000 bins, had raw material been available.

Due to the publicity given to the shortage of sheet steel for civilian uses, many of our factory workmen left our employ, seeking jobs they felt were steadier and some of them were attracted to defense centers where higher wages were being paid than in this area for like work.

The greatest number of employees on our pay roll this summer was 40. We now have only 21 employees and have not discharged anyone. According to our records, we have lost men for the following reasons: Two secured civil-service jobs; one went to the Omaha bomber plant; four went to college; seven took other local employment. Because of the shortages of material they feared we would later lay them off. Two were called into the Army; one joined the Navy; one went to a California defense plant, and one of whom we have no record.

Because of the seasonable nature of our products and because of our desire to serve in the defense program, we have put forth a great deal of effort in trying to secure defense work for our plant. We believe it is safe to say we have spent over $500 in time and money trying to secure defense contracts to insure our employees jobs. Our efforts to date have been unsuccessful. We have sent representatives to the defense-control office in Omaha, on numerous occasions, and had two men attend the defense clinic held in Kansas City, Mo., on November 7 and 8. We have been unable to locate anything. We have submitted numerous bids on defense work but have not been successful to date. Because of further threatened shortages of material out of which we can continue to make our standard line of farm equipment we are faced with the problem of maintaining employment of present employees. We have suffered seriously because of men leaving our employ for these reasons.

It will be of interest, we believe, to state the amount of farm storage supplied by us in 1941 for the storage of small grain in this and other States where our product was sold. Approximately 375,000 bushels of bin capacity was sold, most of which was in farm size, 1,000-bushel-capacity units.

The first steel grain bin produced by our company was made in 1910 and has been in constant service. It is now 31 years old. Nothing has ever been spent on it for repairs or upkeep of any kind. This bin is on a farm about 12 miles northwest of Hastings.

Inasmuch as the output of our products is dependent upon the number of farms being operated in the trade territory we cover, the abandonment of farms and the loss of rural population has been a most serious problem to be reckoned with in the successful operation of our business.

TESTIMONY OF E. D. EINSEL, PRESIDENT, HASTINGS EQUITY GRAIN-BIN CO., HASTINGS, NEBR.

The CHAIRMAN. Mr. Einsel, how large is your plant? How many people do you employ?

Mr. EINSEL. The height of our employment this summer was only 40 men. We have 20 men in our employ now.

The CHAIRMAN. You visited the recent clinic held in Kansas City by the O. P. M., did you not?[1]

Mr. EINSEL. I didn't attend personally, but I had two representatives there.

The CHAIRMAN. I think the committee would be very anxious to have your reaction to this Kansas City clinic, as to its benefits, and possibly any criticism you might have to make.

Mr. EINSEL. Our representatives were unfortunate in not being able to find what we were looking for, or what we had hoped to find. Our men were unfortunate in finding anything that would fit into our program here. On the few items that did look possible, we have entered bids, and we hope that there will be some satisfactory results. But we have become quite discouraged, because we have bid in a great many instances on items that we could make, but unfortunately most of that stuff must go back East, and our freight rates on the raw material out here and on the return haul are very much against us.

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[1] The Midwest Defense Clinic was held in Kansas City on November 7 and 8, under the direction of the Contract Distribution Division of the Office of Production Management. Its purpose was to spread defense work among manufacturers of that area.

The CHAIRMAN. Does the freight rate on the product after you have manufactured it operate against you, or do you make your prices f. o. b.?

BIDDING DIFFICULTIES

Mr. EINSEL. The bids I have reference to have been f. o. b. destination point. For example, one item that we bid on is a part of a tent top which is made of sheet metal. The total bid price was $1.29 and, of that, 17 cents was for freight, which constitutes a large part of the price per piece of merchandise. Back East the bids ran from 69 cents to considerably above our bid. But the fact is that plants farther East, closer to the supply of raw materials and also to the market for the finished product—which is a big factor in securing that business—had the edge on us.

The CHAIRMAN. Do you find that they allow you enough time to submit a bid after the notices come out, or have you had some difficulty?

Mr. EINSEL. That is one of our greatest difficulties and one of the greatest faults we have to find. Naturally, a small company is handicapped in not having a large personnel of engineers and other people who might estimate costs exactly. And on top of that, one of our big worries is whether material would be available for the job. It is very hard to agree to furnish an item by a designated date even though it has a priority rating—especially after you have had some experience with priorities—and gamble on making that delivery.

The CHAIRMAN. In other words, a circular comes out and it has a deadline for receipt of your bid, and you do not have sufficient time to see what you can go out in the market and buy the raw material for and make sure you are getting it.

Mr. EINSEL. That is true.

The CHAIRMAN. About how much time do they give you on some of these items?

Mr. EINSEL. By the time we have received the notice from the Defense Contract Service in Omaha, which has been very kind in assisting us in every way they can out here, and from other sources, I would say 7 to 10 days are allowed us at the outside, and many times the period is even shorter. It has possibly lengthened a little now. The time on these advertisements for bids is possibly being increased a trifle.

The CHAIRMAN. What other obstacles are standing in the way of the smaller plants in the interior of the country in their efforts to get this business?

Mr. EINSEL. In our particular line of business, evidently a large number of plants are capable of doing similar lines of work, and obviously the purchasing agents are anxious to secure that product as close as they can to their requirements. Evidently it is easier to keep check on and secure deliveries promptly from the larger manufacturers. As I see it, the purchasing agent for the Government is no different from any other purchasing agent. He automatically goes to the larger concerns, expecting prompter service and possibly a better product, due to their largeness—which I don't believe he always gets.

The CHAIRMAN. Do you think the Government has gone as far as it should in breaking down production? I believe the English call it the "exploding" method.[2] For example, there are few companies in the United States that can take a contract for a tank; but if it is broken

[2] See Washington hearings, pt. 20, pp. 8050 and 8071.

down and spread on the table, there are thousands of plants that can make various parts of that tank, and it is not such a difficult thing after all, because if they need aid in producing a certain article that goes into a tank, and they know how many tanks they are going to build, they can contract for that particular part. Do you think they have gone as far as they can in that line?

Mr. EINSEL. No; I don't, Mr. Curtis, and I can add a note of my own. It seems to me that if the need for speed is as great in this armament program as is indicated, the methods of trying to buy this material are maybe the greatest handicap in getting the job done, so far as the small plant is concerned. When small plants have been asked to analyze bids from the Navy or the Army, and to be sure that they can comply with all the details, the time allotted has not been sufficient for them to figure costs. Therefore this is the thought that has occurred to me: If small plants have a place in this picture, it would seem that purchasers must adapt themselves to the smaller industry's methods of doing business. An engineer, well enough acquainted with my plant, through the Defense Contract Service in Omaha, to be reasonably sure that we could produce a given item, should be out here and should go over the plant with our engineer or plant superintendent. If speed is the element desired and reasonableness in productive capacity is considered, the defense agencies ought to be able to turn orders over to small industries by that method. For small industry, the present method is the long way around.

The CHAIRMAN. I think you have hit upon the problem. Is it your observation that the Government does not have enough production engineers to follow up and help the plant get started, or are they tied too closely to rigid rules that serve no good purpose?

Mr. EINSEL. There have only been two men in our place, to my knowledge, since the beginning of the defense program. Mr. Walker, of Omaha, was one, and I believe a lieutenant from the Omaha branch of the St. Louis Ordnance Department, was the other. We have tried to list ourselves with various agencies and have sought to cooperate and secure some of this business, in every way that we have known how. Possibly we have not known how well enough.

The CHAIRMAN. You have a contract for some material now, haven't you?

Mr. EINSEL. No, sir; we have none in the defense program.

LABOR PROBLEM

The CHAIRMAN. Will you tell us a little bit about your experiences in regard to obtaining and retaining your labor force?

Mr. EINSEL. This year has been an improved year, due to improving agricultural conditions. Our labor problem has been a serions one because of lack of skilled labor of the type we need in this area. The shortage of crops in the last several years has had a serious effect on employment in our line of industry, and has not made it possible for us to retain the large number of employees that we could have had if we had had good crops. This year we have had serious difficulty getting skilled workers.

The CHAIRMAN. The uncertainty as to what you would be able to do in the way of getting materials for ordinary civilian use has made it hard to hold your labor force?

Mr. EINSEL. That is right. The main item, steel grain bins, has been issued an A-4 priority rating in June. Unfortunately, it was

slow in becoming effective and a portion of the material which was on order was not delivered, and quite a little of it is still undelivered. Much of it was not delivered in time to use for the steel grain bins.

The CHAIRMAN. Mr. Lainson, I shall instruct the reporter to include your prepared statement in the record at this point, after which we shall direct a few of our questions to you.

(The statement referred to above is as follows:)

STATEMENT BY HAL LAINSON, SECRETARY, DUTTON-LAINSON CO., HASTINGS, NEBR.

HISTORY OF THE BUSINESS

The Dutton-Lainson Co. was founded in Hastings, Nebr., in 1886 by three men, W. M. Dutton, William McKee, and J. H. Haney, who together invested $4,000 and began to manufacture and sell harness and collars.

In 1895 the firm purchased a business in Omaha, Nebr., and Mr. McKee and Mr. Haney moved there to manage the new business. The Hastings branch was continued with Mr. Dutton in active charge. Business continued to grow under his leadership, and a combination of increase in population and favorable agricultural conditions combined to help Mr. Dutton in his business.

With the coming of the automobile and the demand for replacement parts and accessories, the company added an automotive supply department, which at that time was one of the very few in this section of the country. Side curtains and replacement tops for open-model cars were made in the old harness shop and sold not only to the Dutton automotive department but to other distributors as well. In these early days, and until 1921, the company was known as J. H. Haney Co. It was then changed to W. M. Dutton & Sons Co., and in 1939 changed to Dutton-Lainson Co.

In 1920 Mr. H. A. Lainson came to the company from an Omaha firm and brought with him several men who were trained in hardware and allied lines, and it was at that time the company entered into a larger field of distribution. Large inventories of merchandise were acquired, trained salesmen were employed, and the firm enjoyed a rapid growth and successful business.

PRESENT DEPARTMENTS

WHOLESALE DISTRIBUTION DEPARTMENTS

The following list of departments indicates type of goods which are regularly stocked and distributed from the wholesale house of the company at Hastings:

1. Hardware.
2. Automotive equipment and supplies and replacement parts.
3. Paint, varnish, and glass.
4. Plumbing supplies.
5. Electrical fixtures, supplies, and appliances.
6. Household supplies and goods.
7. Tools.
8. Tinners' supplies.
9. Cutlery.
10. Sporting goods.
11. Agricultural supplies.

It can be readily understood that the wholesale business under the present priority set-up has very little opportunity of obtaining merchandise for sale in this section of the country. However, considering our business from figures at hand, the largest part of our dollar volume comes from what we consider to be necessities that are needed to carry on food production in this agricultural district.

Our purchasing department estimates that the following is a fair estimate of the uses made of the merchandise which is distributed by our wholesale division: 27 percent for farm use; 17 percent for household use (in town and country); 2½ percent for industrial firms; 17 percent for building up-keep

used by painters, plumbers, electricians, and others; 26 percent for maintaining trucks, railroads, and passenger equipment; 2½ percent for accessories for passenger cars; 8 percent for sporting goods and miscellaneous.

All but the last two items, or 89½ percent, are, in our opinion, essential merchandise.

Mr. F. B. Reed, vice president of our company and in charge of purchases has advised me that because of inability to get merchandise in certain lines, he expects a loss in sales in excess of $200,000 for the coming year. We have on order with factories at the present time between $40,000 and $50,000 worth of goods which we do not believe we will be able to obtain. We have another $40,000 worth of goods on order with factories for merchandise which is not being shipped at this time because of our inability to secure a percentage of priority so that the manufacturers may ship. Some jobbers in industrial centers have a larger percentage of priority sales which enables them to obtain material. For instance, here is a part of a letter received from the Lufkin Rule Co., Saginaw, Mich., dated November 14, 1941, in reply to our letter regarding merchandise ordered in January 1941.

"The Office of Production Management say they prefer very much to have goods fabricated under A–10 only against defense requirement orders. With the 10-percent defense rating you give us, we penalize ourselves 90 percent out of every dollar we ship to you, and you must appreciate that when we lay out our manufacturing schedules and present them to the Office of Production Management, they immediately question the amount of merchandise we have shipped other than to defense and where we ship our friends like Dutton-Lainson goods in spite of the fact that they have a very low defense rating, we are just penalizing ourselves, because the Office of Production Management automatically eliminate from our supplies the goods we have shipped on nondefense orders."

The partial list of merchandise which we have formerly sold and cannot now obtain because factories have withdrawn their items from the market entirely, include the following: Galvanized furnace pipe and elbows, galvanized sheet iron, galvanized corrugated roofing, aluminum cooking ware, pliers and wrenches, rules and tapes, tools, all rubber- and copper-covered wire, all bare electric wire, electric switches, conduit and conduit fittings, pipe.

Many manufacturers are shipping but a small fraction of our requirements such as nails, wire, fencing, bolts, coal and gas ranges, saws, stovepipe, gasoline irons, lamps and lanterns, wrapping paper, paper bags, shotguns, rifles, silverware, and many other items.

We are faced with the fact that electrical contractors will not buy conduit from us because we are unable to furnish the necessary fittings. It is also true that we cannot supply electric wire, and so builders are compelled to buy fittings for this line from wholesalers who have wire.

Our wholesale business accounts for a large percentage of our total volume and is therefore the most important department of our business.

The serious drought situation which has existed in this section of the country for several years has resulted in constantly declining sales to our dealers who in turn sell to the farm trade. A table indicating the change in our total sales is as follows:

WHOLESALE SALES

Year:	*Index*
1928	108
1929	97
1930	87
1931	[1] 64
1932	[1] 39
1933	[1] 42
1934	[1] 44
1935	50
1936	[1] 49
1937	[1] 45
1938	37
1939	[1] 39
1940	[1] 41

[1] Indicates years when the average precipitation for the State of Nebraska was below normal.

Precipitation records in inches

Year	Hastings	Adams County	Nebraska	Year	Hastings	Adams County	Nebraska
1928	19.25	24.15	22.80	1935	26.75	25.18	22.64
1929	16.16	16.65	22.74	1936	14.07	11.94	14.42
1930	23.63	27.19	25.94	1937	21.43	21.16	17.66
1931	20.71	22.54	19.27	1938	27.41	27.26	22.23
1932	27.03	27.17	20.54	1939	15.78	15.36	16.28
1933	22.68	24.00	20.23	1940	17.65	16.57	17.35
1934	15.59	15.59	14.31				

Figures obtained from—Hastings (Hastings College Weather Bureau), Adams County (United States Department of Commerce, Weather Bureau), Nebraska (United States Department of Commerce, Weather Bureau):

	Inches
Average precipitation for Nebraska from 1876 to 1940	22.48
Highest precipitation for Nebraska 1915	35.57
Lowest precipitation for Nebraska 1894	13.54

Our pay roll has in past years of necessity been decreased as our sales have decreased and a table on pay rolls of our business would show a constantly decreasing total each year.

MANUFACTURING DIVISION

The company operates two manufacturing plants known as (1) the Rose plant (formerly known as Frank Rose Manufacturing Co.). (2) The Jaden plant (formerly known as F. Jaden Manufacturing Co.).

(1) *The Rose plant.*

At the present time the Rose plant has been turned over to the manufacture of certain items for the War Department which items include: M55A1—37 mm. shells, B156647—105 mm. Howitzer oil gun, 15–18–83—75 mm. cannon grease gun, D202—Shop grease gun.

The shell order was obtained by solicitation of the St. Louis ordnance district of the War Department, however, constant solicitation of other Government agencies has been in progress since August 1938. This business has given full time work to approximately sixty persons and part time work to many others.

(2) *The Jaden plant.*

The operations at the Jaden plant are concerned with the manufacture of a varied line of items including the following: Trailer hitches, tire pumps, hydraulic pump oilers, cow pokes, door closers, caulking guns, trailers, air conditioners, sprayer cleaners, air blow guns, grease guns, air hose assemblies, mail boxes.

Of these items which have been manufacture in the past, the following have been discontinued because of material shortages: Trailers, caulking guns, door closers, cow pokes, air hose assemblies, mail boxes.

Sales from these items account for approximately 15 percent of our factory sales volume.

Sales from the Jaden plant have been made by manufacturers representatives calling on distributors throughout the United States. Most of the merchandise has gone to hardware and automotive jobbers. A small export business is made annually to Mexico, Canada, South America, and the Pacific Islands.

Since most of the items which we manufacture are of a nature that will not enable us to secure Government priorities, the prospects of continuing production after our present stocks of raw materials are exhausted are extremely slight. We do not believe that we can continue operations at the Jaden plant unless we can secure additional defense business which will utilize the equipment in that factory.

LABOR SITUATION

During the past year we have had approximately 180 persons on the regular pay roll. Extra help has sometimes brought this figure up to approximately 225 persons at one time. However, our calculations of comparisons below are based on the lower figure.

We find that approximately 7 percent of our employees have moved to California in the past year, another 2 percent have moved to other western locations and an additional 6 percent have moved to eastern locations. We have therefore, lost approximately 15 percent of our employees to defense projects outside of the

State. These were all persons working for us who quit their jobs of their own volition and left this city. Many other part-time workers and many applicants have also left in recent months. We know this because many applications are left with us each month and in many cases when we attempt to hire the applicant, sometime after his leaving an application, we find that he is no longer available and has moved from the address indicated on his application.

Most of our factory help has always been recruited from Hastings and surrounding small towns and the farms. Approximately 60 percent of our employees were born and reared on a farm. In recent months we have noted a very discouraging condition because many of the new workers that we have taken from farms, garages, etc., and have trained to be good factory workers, are leaving us to go to larger cities and bigger companies. In some cases the pay is more but in many cases the pay is not more. Very often the boys who have never been to a city or worked with many thousands of men in one company are anxious for the experience and therefore leave their old surroundings. In some cases these men have returned only to find that their job with us has been filled and that there is nothing for them in this vicinity.

We have experienced some difficulty in securing and holding highly trained and specialized men but this is because of a systematic attempt on the part of out-State factories to take our best laborers. We are sure there is a large reservoir of semiskilled labor which if given some instruction will make the best kind of factory workers. The exodus of labor from this territory is not only working a hardship on manufacturers whose best help is constantly being solicited for other jobs but is likewise working a hardship upon jobbers and merchants who are losing their customers.

Conclusion

In conclusion we make the following observation:

1. During the past 10 years this region has received subnormal precipitation, in 8 of the 10 years, with the result that our wholesale sales have been definitely affected and that our present business is less than one-half of what it was in the years preceding this period of drought. This condition can be readily understood when it is noted that a large percentage of our sales volume comes from small-town hardware and automotive outlets whose customers are farmers. To the drought situation now is added a condition which we consider equally as serious—that is, the exodus of factory employees from this section to industrial centers where they are obtaining jobs in defense industries.

The drought caused many farmers to leave our territory. Some of the people of our organization are of the opinion that defense industries are taking people from our area at a much faster rate than did the drought—with the result that after 10 years of drought we are now faced with a condition that is even more serious because of defense industries. With this exodus of farmers and now of many workers to defense industries in industrial centers, we cannot hope to continue selling in future years at a rate comparable to the sales in past years, and this adjustment will mean that we will be forced to further contract our business, which contraction will result in many additional lay-offs.

Therefore, it is our conclusion that we will be forced to contract our business to a much smaller operation, unless the farms can be made to be more productive through irrigation and the factories allowed to continue because of new defense work being placed in this territory. The combination of these two things will give work to the people so that they will not be forced to leave and find jobs in other sections in order to make for themselves a living income.

2. This section has a vast reservoir of semiskilled workers who can easily be trained for skilled jobs as factory employees, but because there is not enough work for this labor, these people are leaving this section and going to industrial centers where defense orders have been concentrated.

3. Our factories have become in effect, training schools for larger industries and we are thereby experiencing a serious hardship because we pay to train these men and as soon as they become proficient they are solicited by various employment bureaus, agencies, and individuals in an effort to interest them in leaving this vicinity and going to industrial centers.

4. Our factories are threatened with a complete shut-down not because all of the items which we manufacture are not subject to priorities but because those which are subject to priorities do not total enough of a volume for us to maintain our establishments and organizations. Whereas this situation is not acute at the present, it is nonetheless a threat which we face and which will force our closing by the middle of next year if we do not receive additional defense work or materials with which to continue a sizable part of our present volume.

TESTIMONY OF HAL LAINSON, SECRETARY, DUTTON-LAINSON CO., HASTINGS, NEBR.

The CHAIRMAN. Mr. Lainson, the Dutton-Lainson Co. originally was started in what branch of business?

Mr. LAINSON. It was started in 1886 as a manufacturer of harnesses and saddlery.

The CHAIRMAN. Then it eventually became a hardware wholesale house?

Mr. LAINSON. Yes; in 1920 the harness business was stopped and inventories of hardware, automotive supplies, plumbing goods, electrical supplies, paints, and varnishes were added.

The CHAIRMAN. Over how wide a territory does the Dutton-Lainson Co. sell?

Mr. LAINSON. We have two divisions, a manufacturing division and a wholesale division. The wholesale division distributes in six States.

The CHAIRMAN. How do you compare with other mercantile houses in the Middle West—west of Chicago—in size?

Mr. LAINSON. I don't believe there is a larger wholesale hardware company in the State. We are about average for local wholesale hardware houses as contrasted with national hardware houses, of which there are only 4 or 5.

The CHAIRMAN. What is the outlook of the hardware business under the defense program?

Mr. LAINSON. It is not so very good. In the prepared report that I gave you I made a break-down of our sales, of the uses to which our items are put. Twenty-seven percent of our goods are used by farmers; 17 percent are used in households, either in the city or country; 2½ percent are used for industrial purposes; 17 percent for building maintenance; 26 percent for transportation agencies, which might be truckers or railroads, or passenger cars; 8 percent for sporting goods and miscellaneous; and the remaining 2½ percent are for accessories which we don't consider essential—extra spotlights and cigar lighters that might be put in cars.

LOSSES ATTRIBUTABLE TO PRIORITY RATINGS

Eighty-nine percent of our business is what we consider essential to the life of this part of the country. At the present time we have on order with factories between $50,000 and $60,000 worth of merchandise which we do not expect to be shipped. We have an additional $40,000 worth of goods on orders with factories which they are not shipping because of our inability to furnish a reasonable percentage of priority. Competitors of ours, for example in Omaha, are able to furnish a higher percentage to the suppliers, so that they in turn may get merchandise to replace their stocks. But since we don't have any defense program to amount to anything in this part of the State or in our territory, a very small percentage of our goods is sold to firms in national defense who can furnish us with a priority which we in turn can use to replenish our stocks. We expect—it is an estimate only—a loss in sales in the next year of between $200,000 and $250,000, because of our inability to get goods.

The CHAIRMAN. That loss would be directly reflected by the retailers, and on down the line to a good many people whom it touches.

Mr. ARNOLD. What are your total sales now?

Mr. LAINSON. I would rather not make that public. I would be glad to give you that personally.

The CHAIRMAN. In your manufacturing branch of the business, what defense business have you been able to get?

Mr. LAINSON. We were successful in getting a small contract for the manufacture of 518,000 37-millimeter shells. We have also made several items which we had made in former years for the Rock Island Arsenal, such as the shop grease gun which, I believe, they use in the arsenal itself. Then this year we have made 2 models of grease and oil guns which are used on the 75-millimeter cannons and 105-millimeter howitzers.

The CHAIRMAN. On this contract that you have, was it necessary to retool to any great extent?

Mr. LAINSON. Yes; it was necessary to buy a great many new items because it is very close precision work.

The CHAIRMAN. Are there any details about the difficulties that you encountered in getting defense business that you would care to enumerate or that you feel the committee ought to know?

Mr. LAINSON. You mean details of securing contracts?

The CHAIRMAN. Any criticisms or suggestions as to the treatment that the Government is giving the manufacturers such as yourself?

Mr. LAINSON. The remarks which Mr. Einsel made could also be applied to our firm. We have found that in many cases 5 days was all that we had to get in a bid. Since we are in Nebraska and away from the centers where we must buy our supplies, it is very often difficult for us to obtain quotations from factories on materials that would have to be used in the bids.

Also, the specifications that come with the contract are in reality a whole book, and by the time one reads and studies possibly 5 or 10 or 20 of these enclosures that come with a bid, and assimilates them and translates them into terms of his own factory's operations, of course 5 days is not adequate.

Also, much of the machinery, I think, outside of a very few machines in this part of the country, is not precision machinery. Most of Mr. Einsel's machinery and most of our usual machinery that we use on our own items is not precision machinery. Most of the Government work, however, is precision work.

SUBCONTRACTING DIFFICULTIES

You spoke of the Kansas City clinic on subcontracting. It is very easy to take the brunt of the thing for some prime contractor, and many of the items that were shown in Kansas City were items which had tolerances beyond watchmakers' tolerances. To produce parts for the Sperry bomb sight, hobbing machines were necessary, and a great many machines of which there is none in the whole State.

In regard to the items that we can manufacture, Mr. Einsel spoke of certain items which he had bid on, and which went to eastern manufacturers for a lower cost. I think that can be reasonably understood when it is pointed out that manufacturers in this part of the country don't have large establishments, and therefore their unit cost on this stuff is very often higher, of necessity. Anything that we manufacture out here cannot be competitive with the eastern markets, regardless of the freight rates.

The CHAIRMAN. Do you feel that it would help the defense program if the Government would insist on subcontracting for the manufacture

of individual parts and if it would direct that subcontracting to articles that fit the existing machinery in a given territory.

Mr. LAINSON. That, I understand, can be done now; but the procedure, as it has been explained to me by members of the War Department, require that the small manufacturer can testify that his company is in such an impaired position that it will have to close unless it can get Government work. When you make that testimony you have to be on the brink of bankruptcy or closing. I think that many of us feel that by the middle of next summer we will have to close unless we receive supplies in order to continue our own items. But it seems to me that relief should come before every piece of metal in our shops is used up and we have to lay off our men, because as soon as we do that the men must find work elsewhere.

The CHAIRMAN. In connection with this short time in which you have to submit bids, are firms from whom you must get your raw materials also bidders? As a general rule, does that situation prevail in your industry?

Mr. LAINSON. I can't recall that it would. We are small manufacturers, and our purchases in the past have been relatively small. At times when we have gone to steel companies and wanted to buy steel. they have probably favored better friends who have in past years bought a larger volume from them; so in some cases a salesman has been more interested in seeing that the old friend with whom he has done business for many years gets that order rather than us.

The CHAIRMAN. Mr. Gray, we shall introduce your paper into the record.

(The paper referred to above is as follows:)

STATEMENT BY DEAN GRAY, MANAGER, FOOD CENTERS, INC., HASTINGS, NEBR.

The statements and opinions expressed in this paper are the result of observation and not of investigation.

We have seen this territory steadily depleted of resources; the farms depopulated of animals; a happy, contented agricultural region changed into a despondent, discontented people. We know that thousands of our farmers have moved and that thousands more of our younger people are now leaving for more prosperous communities where work can be easily found. We have seen farms that at one time sold for 20 and 30 thousand dollars each change hands for one-tenth of that amount. We have seen homes in many towns that once were valued highly sell for a few dollars, homes and business buildings selling for a few dollars to a few hundred dollars each. All of this is common knowledge and to a large extent is still common.

Then we saw irrigation and its effect upon the farmers whose lands were watered. We have seen those individuals with hope again and we have felt the effects of irrigation in our stores. It has kept hope in our hearts and it has been the reason in some towns that we are in business today (Shelton, Lexington, Sargent, Burwell, Ord, Arcadia, and Loup City).

Other areas have been helped by the various Government relief agencies. This area has been saved. It was all we had. Consequently, the people of this area are highly appreciative of Government activities.

We have a population area in and around Hastings, Grand Island, and Kearney that could supply plentiful labor. There is a small canning factory at Burwell, Nebr., steadily employing three or four people. When there was a run on tomatoes this season the factory merely blew a whistle in the morning, in the afternoon, any time of the day, and were able to get the help of 70, 80, or 90 women (they could have employed men) within the space of 1 hour, eager and anxious to earn a few dollars to supplement their farm income. Burwell has this small canning factory as a result of irrigation.

Towns that have already felt the results of irrigation are today totally different towns from those where there is none. Our business in irrigation towns is definitely better.

I have said before that some areas were helped by relief agencies. This area was saved by those agencies. If, now, defense industry would take advantage of our power set-up, our water supply, our low-priced land and intense desire, there are hundreds of businessmen and farmers who would give their time, energy, and support and there would be no question of its success from an industrial, labor, or defense standpoint.

TESTIMONY OF DEAN GRAY, MANAGER, FOOD CENTERS, INC., HASTINGS, NEBR.

The CHAIRMAN. Mr. Gray, will you describe your business and the effect the defense program has had on it?

Mr. GRAY. We operate in 18 towns. I have observed 2 major effects of the defense program. First, the help situation. We have a lot of difficulty in keeping our clerks and our butchers. They are leaving for defense areas. Out of 100 employees, I expect we have lost 30 in the last year and a half. The other effect is a reduced volume in the territory. We have analyzed our business to some extent and have seen this thing happen: A one-time family of 4 purchasing groceries in 1 of our stores, is now a family of 2. I am thinking specifically of a family in Hastings, working for Mr. Anderson. They are good customers in 1 of our stores, but now there are just 2 of them left. The daughter and son have both gone to Washington, where they have jobs. This conditoin, in general, prevails in all the towns where we operate. In some we have as many families but not as many persons to feed, because the young folks have left this area.

The CHAIRMAN. Do you get all the merchandise you need?

Mr. GRAY. Yes.

The CHAIRMAN. Do as many salesmen call on you now as 18 months ago?

Mr. GRAY. Just as many.

The CHAIRMAN. What benefits do you anticipate from irrigation of this territory, not only for the people but for industry in general?

Mr. GRAY. We are fortunate in being in some of the localities that do have irrigation. I can describe for you the town of Sargent, Nebr., as an example. We have a store there. We have felt the effects of irrigation there to quite an extent. Two or three years ago, if you had gone to Sargent, it would have looked like the town of Donovan, between Grand Island and Hastings. That is to say, it was beginning to look like a ghost town. In the last year they have felt the effects of irrigation. Three new buildings were put up. We occupy one of them. The fronts are being painted, the park has been renovated.

The CHAIRMAN. Is that town in part of the Loup district, to which Mr. Johnson referred?

EFFECT OF IRRIGATION

Mr. GRAY. Yes, sir; a good many towns are affected by irrigation. It has been wonderful. It has saved our business. We wouldn't be in those towns today if it hadn't been for irrigation.

Mr. OSMERS. What is the effect of irrigation on the territory as a whole, including communities not irrigated?

Mr. GRAY. We reached the all-time low in our stores last year. Now we are coming back, to a great extent due to the new trend and better prices for farm products.

We operate some in the irrigated sections. Now, with the strengthening of prices of eggs and wheat and cattle, we are coming back, to some extent, in those towns. The worst feature is that if prices go down again, we would have fewer mouths to feed.

Mr. OSMERS. Retail food prices have increased sharply in the past year and the trend seems to continue.

Mr. GRAY. Yes, sir.

Mr. OSMERS. In your opinion what will the effect be of price-fixing?

PRICE-FIXING

Mr. GRAY. I don't know. We dislike very much to see price-fixing. The average grocery man is not profiteering. The average grocery man makes very little net. The chain-store average net is 1½ percent for the United States, so that is one industry that does not need much price-fixing.

Mr. OSMERS. I think you are referring to profit-fixing rather than price-fixing. I am looking at it from the consumer's standpoint, and I don't think it is any secret that a lot of consumers want to see some price-fixing.

Mr. GRAY. If you fix the prices in the grocery business you have to consider gross and net. You have to have one before you have the other. If you had price-fixing to get the net down, they couldn't operate.

Mr. OSMERS. I envisage a price-fixing situation that would fix the wholesale as well as retail prices, and the margin would be the same. You would operate competitively, using the same margin.

Mr. GRAY. Price-fixing on two or three items would be a little different from general price-fixing. You can put a ceiling on eggs, but when you have two or three thousand items in a grocery store, the problem becomes enormous.

Mr. OSMERS. It would be difficult, but from the standpoint of the Nation as a whole, it would be infinitely less difficult than undergoing the horrors of inflation.

Mr. GRAY. We would rather have you fix the competitive situation than prices. It might be a little better for us. There has been a highly competitive situation, with this upward price trend, which has not been so good for the grocery business.

Mr. OSMERS. Is there a great deal of discussion in your business about loss leaders?

Mr. GRAY. I think most grocery stores do use loss leaders.

Mr. OSMERS. Has there ever been any State attempt to eliminate them?

Mr. GRAY. We have a State law here, but unfortunately the legislature, when it passed the law, didn't put any penalty on violations. We have had price wars, in Omaha, intermittently in the last 2 or 3 or 4 years, and I don't think it is any exaggeration to say that the loss has reached as high as $10,000 a day in the selling of groceries.

Mr. OSMERS. There are no penalties in the State law?

We enacted a law in New Jersey with penalties, but it was declared unconstitutional.

Mr. GRAY. Thurman Arnold says that State laws are not enforceable.

Mr. OSMERS. I think he may be able to support that.

The CHAIRMAN. Now that we have questioned each of you gentlemen in turn on matters within your respective fields, we should like to address some further questions to those who have already testified, and some, perhaps, to the panel as a whole. Mr. Osmers, do you have any further questions?

Mr. OSMERS (to Mr. Anderson). You have mentioned the difficulties that you are meeting in getting steel and scrap for the manufacture of farm implements. Do you carry any sizeable stock pile of those materials that will permit you to operate for any lengthy period?

Mr. ANDERSON. We try to keep a reasonable amount in stock.

Mr. OSMERS. How long would it permit you to run?

Mr. ANDERSON. There are so many items that we are nearly always out of some of them. It is hard to keep the pile up so that we are safe on all items.

Mr. OSMERS. Has your plant been surveyed by the Government as to the possibility of converting it to defense work?

Mr. ANDERSON. Yes; several men have been there. I don't recall just who they were.

Mr. OSMERS. What has been the result of those surveys?

Mr. ANDERSON. We have never heard anything further from them.

Mr. OSMERS. I believe you said that you make grinding machinery.

Mr. ANDERSON. Yes; we do.

Mr. OSMERS. Is that an item that is likely to remain on a priority list right on through the defense emergency?

Mr. ANDERSON. I would say it is, because it conserves feed of all kinds by grinding it.

Mr. OSMERS. But the Government itself has made no suggestion to you as to adapting the facilities that you have or changing or altering them in some way to participate in direct defense contracts?

Mr. ANDERSON. It has been suggested to me in Omaha that there may come a time when it will be well to think about changing over parts of the plant for defense industry.

Mr. OSMERS. I am inclined to the belief that the production of metal civilian goods is approaching a temporary stoppage in the United States, and I am just trying to determine whether the type of agricultural equipment that you make is of such an essential nature that the manufacture of it would continue. Otherwise I would say that civilian metal manufacturing is about on its last legs.

AGRICULTURAL IMPLEMENTS ON PREFERRED LIST

Mr. ANDERSON. It is my understanding that agricultural implements will be on the preferred list.

Mr. OSMERS. That has been the understanding. But the question is raised again by these new requests from the Army and Navy for further expansion and further development of the defense program. Two months ago we thought agricultural implements were on a preferred list. Since then the President has requested Congress to appropriate another $7,000,000,000 for Army material. The curtailment that will result as that expenditure is made has to come from somewhere.

Mr. ANDERSON. But agricultural implements directly affect food supply, and the Army and Navy has got to eat. So I don't see how

you can curtail materially the agricultural implement industry and still keep up the food supply.

Mr. OSMERS. We are in effect doing that. If it is difficult or impossible to get certain items, whether it is desirable or not, you are in effect being deprived——

Mr. ANDERSON. I have said we have had difficulty, but we have not as yet suffered a shortage.

Mr. OSMERS. You haven't had to close down.

Mr. ANDERSON. We haven't had to close down and our production at this time is actually more instead of less than a year ago. But we are right on the verge all the time. It keeps us under a nervous strain to keep on without knowing whether we will be finished next or not.

Mr. OSMERS. I imagine it would.

I would like to ask Mr. Einsel a question. Mr. Einsel, you have described some of the difficulties and some of the price differentials that seem to obtain in the bidding on machinery for defense. Do you believe that the Government would be aiding the program if it awarded contracts for defense without competitive bidding on a cost-plus basis?

Mr. EINSEL. Yes; in certain items I can see no reason why that would not be practical. The prices are so well known, as to raw materials and average labor costs, that I don't see how the Government would be seriously handicapped in practicing that.

Mr. OSMERS. Let us set up a hypothetical case that would apply to your plant as well as to some of the other plants that have been mentioned. We have a Government official come in, let us say, survey your equipment and give you a contract on a cost-plus basis. That would eliminate any profiteering on your part, and yet maintain something that I believe is very important—the morale of our civilian population. Is that correct?

Mr. EINSEL. I am sure we would welcome that, and would cooperate in every way we could. Our effort has been to aid in this emergency, first because we felt there was a serious need for production, and second, because we felt there would be a shortage of steel for civilian uses.

Mr. OSMERS. Then such a procedure would be useful in your situation?

Mr. LAINSON. I think it would. The St. Louis Ordnance has set up a negotiated bid department, and also the Chicago Ordnance, but I don't think it has been extended to a lot of items that can be made in these shops that are not highly skilled or precision shops.

SPREAD OF WORK UNDER DEFENSE CONTRACTS

Mr. OSMERS. I am thinking of the isolated shop, located in a community from which men cannot commute to some defense area. Obviously, if you were 20 miles from Omaha, and your men were displaced as a result of a shortage in materials, they would then proceed to secure employment in the Martin bomber plant, where many thousands of employees will be needed, and these men would not have to leave their homes. They would continue to trade in the same food stores and continue all their normal activities. But in towns such as Hastings it would seem to be desirable to have the Government negotiate contracts according to the machinery available.

Mr. LAINSON. That proposal has angles that are difficult to put into practice, but I understand that the Tri-Cities—Moline, Davenport, and Rock Island—have very few, if any, actual defense orders in

that area, yet they are not needed because the Rock Island Arsenal personnel is going up and down the streets of those towns and filling the shops up. Our contract was very small, but it is surprising how we had to draw on other facilities in town. We had a shop or two in town do some work we needed. We were swamped and bought what we could from other shops. If that were practiced on a larger scale, if we had one big contract to fill, it seems to me it would take care of many of our shops here.

Mr. OSMERS. That is the way it works. The committee was told that at Chrysler Arsenal they had 800 contractors working on production of a tank, supplying parts all the way from a 2-cent item to one costing $500. Do you anticipate that the bomber plant at Omaha will need subcontracting in which you might be able to participate?

Mr. LAINSON. Not as far as I know. We have made no attempt to solicit any business from them. The possibility we are concerned with is that the good laborers we have might be attracted there.

Mr. OSMERS. I certainly think they will be.

Mr. LAINSON. The fact is that we have become, in effect, training schools. The smaller manufacturer has become the training school for the larger manufacturer. It is a matter that has bothered me more in the last 60 days than at any other time because the process is gaining in momentum. For example, there were no automatic screw-machine operators in this part of the country. The State employment office has orders for 50 of them now. I think there were only some 25 or 30 in the whole State of Nebraska before the defense program started. So, we took men from country garages, who had some knowledge of mechanics, and made operators out of them. Most of the men whom we originally trained have gone. They thought they were skilled mechanics after 3 or 4 months of training.

Here is what actually happened in one case. We were paying one of these men 55 cents an hour. He was attracted to Kansas City, where he was offered 97 cents an hour to begin with. He was down there, worked 2 weeks, and was discharged because he wasn't a 97-cent man. He simply couldn't fill the bill. So, he is back in Hastings now. We have filled his job. We have no job for him. A number of situations like that have developed, involving the men we have trained, but our old men are staying with us. The new men, after a period of 3 or 4 months, think they have learned it all, and leave for other jobs.

Mr. OSMERS. I think Mr. Johnson made a very interesting point in stating that the real future of this State lies in an agricultural economy, and the temporary benefits of defense contracts may be outweighed by depression and other difficulties after the emergency.

Mr. LAINSON. This man that left us—just to show you how expensive it is to train men of that kind—and the day before he left he ruined $1,500 worth of equipment simply because he was not skilled.

Mr. OSMERS. Did he feel that qualified him to take a higher job?

Mr. LAINSON. Apparently.

Mr. OSMERS. I have nothing further to ask.

PRECISION MACHINERY

Mr. SPARKMAN. Along that same line, Mr. Lainson, you said something about the necessity of installing precision machinery for the order that you already have. Do you install that yourself or does the Government install it?

Mr. LAINSON. We install it.

Mr. SPARKMAN. After you have finished that contract, will that machinery be usable?

Mr. LAINSON. Oh, yes. It is standard machinery.

Mr. SPARKMAN. Suppose you don't get another similar contract. Will you have any use for that machinery?

Mr. LAINSON. We may. However, because it is so valuable in the present market, we would probably not keep it.

Mr. SPARKMAN. But suppose this defense program should end. Then you may have to keep it. Would it be a dead load?

Mr. LAINSON. It would be pretty much dead, and pretty much of a load, because it is very valuable machinery.

Mr. OSMERS. I think it is fair to assume, taking that as a laboratory case, that at the conclusion of the emergency that type of precision work is very likely to go back to the shops that have traditionally performed it, and overproduction of that type of machinery at the present time will make second-hand resale values little or nothing. Thus precision machinery, after the war, may be a drug on the market.

Mr. LAINSON. We would prefer to sell these particular machines that we are operating; however, we have had 10 of them in our factory before and we have only bought a few new ones, so we normally could use them in our own work. Of course, if this defense work continues, there would be use for them elsewhere and we would sell them if we didn't get another contract.

Mr. OSMERS. In figuring your contract, do you figure the new machinery in your costs?

Mr. LAINSON. Yes; it is written into the contract.

Mr. SPARKMAN. Mr. Gray, in your statement discussing the problem of people moving out, as I understand it, you differentiate between two kinds of out-migrants. One is the farmers who move away because of depressed conditions.

Mr. GRAY. A good many of them.

YOUTH MIGRATION

Mr. SPARKMAN. But the movement you are concerned with now is principally the other class, the boys and girls who are moving into civil service and skilled work.

Mr. GRAY. To the west coast and other parts of the country. It is almost impossible to keep a full complement of clerks and butchers. They keep leaving all the time.

Mr. SPARKMAN. You feel the effect of that out-migration in your business. You feel it not only in the shortage of help in your stores, but also in the decline in total numbers to be served by your business.

Mr. GRAY. That is right.

Mr. SPARKMAN. Now, these farmers who have moved off, are they moving off submarginal lands or lands hit by the drought?

Mr. GRAY. They are not leaving the irrigated sections. They are leaving the hill lands and the dry-land farms.

Mr. SPARKMAN. What about the various Government relief agencies, such as Farm Security and W. P. A.? Are they helping people to remain on their farms?

Mr. GRAY. Those farmers wouldn't be there today if it hadn't been for those agencies in the last 10 years.

Mr. SPARKMAN. They did help minimize the out-migration to some extent?

Mr. GRAY. I would say they have saved this area.

Mr. ARNOLD. I have an observation which I should like to address to Mr. Seaton, as moderator of this panel. I should like to ask him if he doesn't believe as I do that subcontracting is difficult in this area because you are so far from raw materials, and the freight in and the freight out doesn't permit you to get the contracts. Because of that inequality, you would probably still lose those skilled men to industries that can pay higher wages, even if you could get plenty of subcontracting. Therefore it seems to me this area needs a defense plant to hold your most skilled labor, and one that could be converted, after the emergency, to the making of plastics or something like that which would utilize materials that you grow here on your land. Is that correct?

GOVERNED BY ORDERS—NOT LOCATION

Mr. SEATON. I think that is a question that one of these other gentlemen may care to answer. However, I can say I rather agree with the latter part of your assertions, sir, but I question very much whether the major difficulty, so far as defense work is concerned, is our remoteness from the markets of raw materials and manufactured articles. I think the magnitude of the defense job with which the Government is confronted is responsible for our difficulty in getting orders, rather than our remoteness from the markets. If our manufacturers had sufficient time on these bids, and could get the materials they are able to get under normal circumstances, they could do the job. And in a time like this somebody in the Government should make that possible, if we are to believe that this Government needs more manufactured implements of war than it can get now. Don't you agree with that, Mr. Lainson?

Mr. LAINSON. Yes.

Mr. SEATON. As long as this country needs the production of manufactured articles, and as long as we have available some production capacity, there must be some way it can be handled so that it gets into the defense program.

Mr. SPARKMAN. As long as you stay on a competitive basis, isn't it true that you are not going to get that kind of assistance until that more favored manufacturer has a backlog built up to such an extent that he doesn't desire to bid for more?

Mr. SEATON. From an economic point of view that might be true. However, if we are trying to win a war, I don't think we can expect to weigh everything in the scales of competition and base all our decisions on how much each particular manufactured article is going to cost.

Mr. SPARKMAN. I agree with you. In a necessity like this, we cannot afford to let ourselves be hamstrung to a competitive-bidding basis.

Mr. OSMERS. I think our procedure is wrong along certain lines. Throughout the United States, excepting in this one part of the country, you will see one of the greatest programs of plant expansion you have ever seen. To build a modern industrial plant requires steel and materials that are literally the sinews of war. I think that it is ridiculous for the Government to sanction a program of plant expansion, when plants such as those represented at this hearing today are on the verge of closing, and communities are being depleted through inability to get materials, while the very materials that you need to operate your business and make defense weapons are going into the construction of new plants in other parts of the country.

That, in my opinion, is a policy that should be stopped as early as possible. Within my own district in New Jersey, a highly industrial district, we have the same situation. They will close one plant, and 5 miles away they will build an addition to a new plant. That doesn't make sense. And that is why I think the Government should come out to these plants and appraise them, and try to keep America together, rather than trying to get the whole country rolling along on wheels. After this war is over, the human misery that will have been caused by excessive dislocation will be immeasurable. We can't even guess at it. So long as plants in the State of Nebraska which are able to do defense work can't get defense work, it is foolish to put additions to plants in New Jersey, California, or anywhere else and rip your people up by the roots and take them to places where there are no housing and sanitary facilities.

Mr. SEATON. I think we would agree with that.

Mr. LAINSON. This is especially important when you realize that, after all, we have just as fine industrial buildings out here as you can find anywhere in the country. Mr. Johnson has testified to the amount of power we have available. And there is no question that the location is satisfactory geographically.

Mr. OSMERS. I am not offering an argument to favor construction of new plants. We are going to have to build some tank arsenals. But we know, too, that there is a limit to that. A lot of these automobile plants can be converted into tank arsenals.

The CHAIRMAN. I have a couple of questions. Mr. Johnson, do you have any difficulty in getting merchandise to sell?

Mr. JOHNSON. We do in a few lines—rubber goods, overshoes, and things of that sort.

The CHAIRMAN. Mr. Gray, to what do you attribute the rise in the cost of groceries? Has it followed along with the rise in prices paid to the farmer?

RISE IN COST OF GROCERIES

Mr. GRAY. Partially. I have talked to my associates about that a great deal. The cost of tin and the manufacturing costs—labor costs—have gone up tremendously, and consequently prices go up.

Farm commodities also have gone up. For example, last Saturday we were paying 33 or 34 cents a dozen for eggs. That is quite a price in this territory. Consequently the price to the consumer goes up. The cost of canning has risen and to that we attribute the higher cost of canned goods.

The CHAIRMAN. Is the main factor there the higher cost of materials or the rise in the farm and labor costs?

Mr. GRAY. The farmer is getting a much better price for his merchandise. Beef and pork in our markets are both up because of the fact that the farmers are being paid more for those items.

The CHAIRMAN. Out of every five people in the United States, only one raises food. In those areas made up largely of consumers, there is a feeling that because grocery bills have gone up. the farmers have had a great increase in their prices. But are not those farm prices only one of the factors in the increase in food prices? And is it not true that they are not the chief factor?

Mr. GRAY. Higher prices to the farmer are not the only factor; they are not even the chief factor. If you reduce the price of a can of peaches in the orchard, it might be 3 or 4 cents. But in the retail-

ers' hands it is 25 cents, which includes the labor and tin costs. All those factors make the price of canned peaches 25 cents per can.

MATERIALS FOR CIVILIAN NEEDS

Mr. ANDERSON. I would like to suggest if some plan could be worked out where these small manufacturers such as ourselves could be assured of getting our materials right along, we'd be pretty happy without any defense contracts and we'd go right ahead manufacturing the line of machinery which we are manufacturing and which our large competitors are going to be compelled to cut down on because of their heavy defense contracts.

The CHAIRMAN. In other words, you feel that the interest of the whole country would be served by seeing that small manufacturers have materials for civilian needs, perhaps at a preference over the larger concerns who are engaged in big defense contracts?

Mr. ANDERSON. Yes; by giving us materials which might otherwise go to those manufacturers who have higher priority ratings than we now have.

The CHAIRMAN. I think we should keep it in mind that profit is not the purpose of the defense program. Nevertheless, to distribute the defense work, to a certain extent, is good for the entire United States. Now, while it might cost the Government a little bit more to come in and see what you can do and negotiate some contracts, there will be subsequent saving in housing, new sewer systems, and water plants and schools in the communities they are now building up, such as in southern California and elsewhere, as well as in preserving the stability of our American life.

Mr. SPARKMAN. Plus the relief loads after it is over.

Mr. EINSEL. I would like to enlarge on the thought Mr. Anderson expressed, which affects me personally in my business. This may sound strange but it is true: Every sheet of steel that we use in any product that we are manufacturing—oil tanks, grain bins, hog feeders, marquees for buildings—we have no knowledge of when that piece of material can be replaced in the supply of our plant or of how long we can keep operating.

The CHAIRMAN. And that information is discussed among your employees. And that fear prompts them to move, sometimes, and get a job elsewhere.

Mr. EINSEL. And to top that, it seriously affects their efficiency in doing their day's work, because they are afraid their jobs may not last.

The CHAIRMAN. As a matter of fact, other branches of the Government, such as the Department of Agriculture, are sending representatives in there, urging increased production along many lines.

Mr. JOHNSON. I know they are encouraging increased output of dairy products.

Mr. EINSEL. We are ready to cooperate if there is a war to be won. So far as profit is concerned, we have gone on for so many years without profits that it wouldn't make much difference.

POPULATION LOSSES FEARED

Mr. SEATON. I think we are all agreed that the future of our territory is dependent upon agriculture. As we have tried to show, the deplorable part is that had this defense crisis not arisen, we would have taken

care of our problems in a pretty fair fashion until irrigation projects got under way. Now we are faced with another difficulty, so that today we feel it is necessary to have some defense plants located in this area. As Mr. Arnold mentioned, if we can do something to hold these people here until we can get our irrigation and other projects under way, we will be ready to ride out the storm later and keep people off bread-lines. But if we lose more and more of our population and don't get defense work, we won't have any population to do business with. That isn't talking through our hats. That is a matter of fact, as you can see from the information we have submitted.

The CHAIRMAN. I think that concludes that panel. Gentlemen, we thank you very much.

Our next witness is Dr. Reeves.

TESTIMONY OF DR. A. E. REEVES, FARNUM, NEBR.

The CHAIRMAN. Dr. Reeves, Congressman Arnold will interrogate you.

Mr. ARNOLD. Will you state your name, address, and occupation for the committee?

Dr. REEVES. A. E. Reeves, Farnum, Nebr., physician-surgeon.

Mr. ARNOLD. Where is Farnum located?

Dr. REEVES. About 100 miles southwest of here. It is in the southwest part of the State.

Mr. ARNOLD. Will you describe for the committee the agricultural conditions in your part of Nebraska?

Dr. REEVES. We have just gone through a terrible drought for the past 7 or 8 years, and naturally we have lots of vacant land. Lots of families have left our section of the country.

Mr. ARNOLD. Can this land where there are so many vacant homes be irrigated?

Dr. REEVES. Those are dry farms.

Mr. ARNOLD. Are there a number of stranded communities in this area?

Dr. REEVES. The entire southwest part of the State, I believe, from Hastings west, is in the same fix.

Mr. ARNOLD. Are just the young people moving away or entire families?

Dr. REEVES. They have all gone.

Mr. ARNOLD. Are not a great many of your young people going to California to secure defense employment?

Dr. REEVES. They are going to California and Washington for civil-service work.

Mr. ARNOLD. Has the farm program helped you in that area?

Dr. REEVES. Yes; we couldn't have kept going had it not been for the farm program.

Mr. ARNOLD. Have you any suggestions for improving the farm program so they would correct some of the difficulties you have described in this paper?

Dr. REEVES. I don't have any suggestions on the program itself. I could, however, suggest some methods for getting the program before the people in a better way than it is being done at present. The tenant-loan proposition to buy these farms should be handled from a personal point of view rather than trying to handle it in a public manner. If the present farm-loan proposition was put up to the farmer himself

rather than putting it up to him at a public meeting it would meet with much more success.

Mr. ARNOLD. Have you had the farm-purchase program put in effect in your territory?

Dr. REEVES. It has been tried, and I think two or three cases have been put in effect, but through a public meeting.

Mr. ARNOLD. Do you think these farms can be purchased and made profitable again? You say that you have lost these tenants and now the farms are vacant. Can they be made to pay again?

Dr. REEVES. I think so.

Mr. ARNOLD. Does it depend upon the improved weather conditions that you anticipate?

TENANT FARMERS

Dr. REEVES. Yes. I believe our most substantial farmers are still in the area concerned but they have lost their land and live on rented farms. Seventy percent of our population live on rented farms.

Mr. ARNOLD. This committee went before the Bureau of the Budget last week and urged a continuance of the Farm Bureau plan and an appropriation adequate to carry it on. Do you still feel that you have a buyers' market out there—that the land can be purchased at a reasonable price?

Dr. REEVES. The land is very reasonable and can be purchased at a worth-while value.

Mr. ARNOLD. That isn't true in some areas of the country and the Budget Director pointed that out. But I made the statement to the Budget Director that in southern Illinois and other areas of the country there were opportunities to buy farms at a price favorable to the purchaser. Your entire area is apparently of that kind.

Dr. REEVES. Yes, indeed, it is.

Mr. ARNOLD. In other words, where conditions are favorable, the program is intensified and is discarded in sections of the country where the land is too high.

Your city has 350 to 500 in population. Do you have some facilities out there that would permit your garages to go into defense production on a subcontracting basis?

Dr. REEVES. We have two garages; one, that was built in boom times, is a very beautiful building suitable for most any kind of manufacturing. They have considerable equipment; lathes, drills, and specially qualified mechanics to run them.

Mr. ARNOLD. Are there still skilled men there?

Dr. REEVES. Yes, sir. They are older men who have their investment there and can't leave. I believe we have five or six skilled iron workers and electrical workers who are as skilled as any in the country. They are men who are too old to get into any other industry in California or anywhere else.

Mr. ARNOLD. They are not really old, but they don't want to move.

Dr. REEVES. They are from 30 to 50 years of age.

Mr. ARNOLD. Are any other towns in that area in the same position?

Dr. REEVES. I think there are several other towns with that situation.

Mr. ARNOLD. What your area needs is exactly what has been told the committee by this panel. The Government should send production engineers into an area and so simplify the method of bidding that the small manufacturers can do some defense work.

Dr. REEVES. I believe that is what we need.

Mr. ARNOLD. In order to get the full production of defense materials the Government is going to have to get closer to the manufacturers and make it much simpler for them to get defense contracts.

Dr. REEVES. We are most interested in getting these men back on the land and working again—getting these men back on their own farms. That would take personal contact. The Federal land bank had hundreds of farms around there. They had their man go right out and dispose of the land. Unfortunately, most of the land went to speculators rather than to those parties who had formerly owned the land and lost it.

Mr. ARNOLD. Of course, the Federal land bank isn't the Federal Government.

Dr. REEVES. I understand that.

Mr. ARNOLD. You don't have private lending facilities to enable these men to finance the purchase of farms?

Dr. REEVES. No.

Mr. ARNOLD. What you need is an intensification of the loan program under the Department of Agriculture.

Dr. REEVES. I believe the loan program is sufficient if we just had it put up to our people.

Mr. ARNOLD. And if the Government were willing to permit an enlargement of that program in that area.

Dr. REEVES. Yes, sir.

The CHAIRMAN. Have not the Nebraska people improved in their ability to overcome the drought, and is not dry farming more successful than it was some years ago?

Dr. REEVES. Yes, sir.

The CHAIRMAN. Dr. Reeves, we are very grateful for your appearance here. The committee will stand adjourned for an hour.

NATIONAL DEFENSE MIGRATION

MONDAY, NOVEMBER 24, 1941

AFTERNOON SESSION

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 1:15 p. m. in the Post Office Building, Hastings, Nebr., Hon. Carl T. Curtis, presiding in the absence of the committee chairman, Representative John H. Tolan, of California.

Present were: Representatives Carl T. Curtis (acting chairman), of Nebraska; Laurence F. Arnold, of Illinois; Frank C. Osmers, Jr., of New Jersey; and John J. Sparkman, of Alabama.

Also present: Dr. Robert K. Lamb, staff director; Francis X. Riley, field investigator; and Mrs. L. McEnroe, field secretary.

The CHAIRMAN. We may not have opportunity to hear everyone who would like to testify. However, we shall call on all those who have been requested to make prepared statements. I want again to announce that our record will be open for 10 days if anyone wishes to submit additional written material after the close of the hearing.

Our first witness this afternoon is Mr. Glantz.

TESTIMONY OF HON. L. B. GLANTZ, MAYOR, MINDEN, NEBR.

The CHAIRMAN. Will you please give your name to the reporter?

Mr. GLANTZ. L. B. Glantz.

The CHAIRMAN. And you live in Minden?

Mr. GLANTZ. Yes, sir.

The CHAIRMAN. How big a place is that?

Mr. GLANTZ. One thousand eight hundred and thirty-four people.

The CHAIRMAN. And it is one of the rural county seats of the farm country of Nebraska?

Mr. GLANTZ. Yes.

The CHAIRMAN. The statement which you have prepared for the committee will be included in the record.

(The statement referred to above is as follows:)

STATEMENT BY HON. L. B. GLANTZ, MAYOR, MINDEN, NEBR.

This is a brief statement of conditions in Minden and in Kearney County, Nebr., as to population, migration, products, labor, and material.

Kearney County is essentially and almost exclusively agricultural. Minden has one publishing house of some importance, and a tool-manufacturing plant

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owned and operated by the writer of this report. Except these two businesses, the only business in the towns is such as is needed to serve the agricultural-trade territory.

A pretty good crop was raised in the county this year and prices are good. Prior to this year crop conditions have been very bad for 7 or 8 years. During that period a large percentage of farm owners lost their farms by foreclosure of mortgages. Prior to that time the percentage of owner-operated farms was large, and now it is small. During that period the population of the county has decreased from over 9,000 to less than 7,000. All of the decrease has been from the farms. The population of the towns has stayed about the same. The farmers who have gone are mostly the younger or middle-aged farmers. The average size of the farm unit has greatly increased. Most of the men now actually operating the farms are well past 50 years of age. There is practically no farm labor available, and farmers are having some difficulty getting their work done. Most of the farmers who have gone migrated to some of the Western States. Practically all of the younger men have left the county. Some of them are in agricultural business in other States, but most of them have employment in airplane or munition factories or in the building of some other trade.

IRRIGATION

Prior to 10 years ago this county was highly productive. With reasonable rainfall, together with development of irrigation, it will again be highly productive and will support a dense population. Some irrigation was done the past year from the tricounty (central Nebraska public power and irrigation district), and next year and the years following this will be greatly increased. Under the present Nebraska law, about two-thirds of the county cannot be irrigated from this system because it is not in the Platte Valley watershed. As soon as the tricounty has plenty of water available and the law is changed, about two-thirds to three-fourths of the farm land in the county can be irrigated from this district. This will increase tremendously the productivity of the county and will greatly increase the population which the county will require and support.

Some experimenting has been done at pump irrigation. We think that within a short time we will be able to develop pump irrigation to the point where it will be profitable. This, again, will increase our productivity and will also increase the necessary number of farm operators. We are of the opinion that both tricounty irrigation and pump irrigation should be increased and assisted in every way possible, to the end that the area will become highly productive of agricultural products and will support a dense population.

There is a great deal of good land in the county that can never be irrigated except by pump irrigation. A big hindrance to the development of pump irrigation at this time is difficulty of financing. If the Government could make possible easier long-term financing of deep-well irrigation, it would hasten this development here. As an experiment and demonstration of what can be done with deep-well pump irrigation, the city of Minden has recently installed a thousand-gallon pump and during the past season furnished water to two nearby farmers. Due to lack of proper preparation this season has not been a fair test, but, in spite of that, we have obtained fairly good results. We expect in another year to make a showing with this project which will really demonstrate the feasibility of this kind of irrigation.

A serious problem in the next few years will be where to get the men to operate the farms. As already stated, most of the present farm operators are older men and will soon be through so far as active farming is concerned. The young men have gone to get employment or business in other places and there is no one here now to take the place of the old farmers who will be dropping out, or to supply the need for a greatly increased number of farmers which intensive cultivation under irrigation will require. Naturally, the development of irrigation, with the resulting assurance of profitable farming, will be an attraction to young men, and our hope is that it will be sufficiently attractive to bring back or bring in enough young men to supply the need.

Another thing that ought to be mentioned in connection with agriculture is the loss and depreciation of farm improvements. During the past 10 years painting and repair of farm buildings has been almost totally neglected. On a good many farms, improvements have been allowed to depreciate to the point where they are practically not habitable and on others the improvements have been taken away entirely. If irrigation and intensive farming develop, the farm unit will necessarily be smaller than it ever was, and this will require a larger number of farm operators than we ever had before. If the county becomes productive and thickly settled, as it reasonably should do, it will require a very considerable

amount of new farm buildings and a great deal of repair and remodeling of the old ones.

The depletion of rural population has already resulted in closing a good number of rural schools and other rural schools operating have very few pupils. All of the districts have very good buildings and equipment and if the population comes back the schools will pretty well be able to handle it.

If some good defense project such as a munition loading plant, a cantonment, or other project which would employ a large number of men could be established in this county there would be a good chance that when the defense program stops a large number of the men employed on the project could be used in the intensive farming program which we hope to have by that time. If such a project were established in this county it would also bring back to the county most of our young men who are now employed somewhere else. The county has plenty of excellent location for any such project. Across the north part of the county is a fairly broad strip of unproductive land which is of no value except for pasture. There is close access to two main line railroads, abundant cheap electric power, natural gas, and paved highway. The water supply is abundant and of the best quality. It is one of the finest locations that could be found anywhere for such a project and there would be a good opportunity here for workers employed on the project or a large number of them to remain as permanent residents of the county in agricultural pursuits.

As already indicated there is not a great deal of manufacturing done in this community. The present conditions in manufacturing especially as affected by the defense program are described in the following statement of the business owned and operated by the writer of this report.

DEFENSE WORK AND THE SMALL MANUFACTURER

Defense work for the small manufacturer in Nebraska has been a great disappointment. I am probably as familiar or perhaps more familiar with this situation than other small manufacturers since I assisted in the beginning to help to organize these small institutions. At one time we succeeded in getting together about 100 small manufacturers and machine shop owners. Since we did not succeed in getting any defense work most of them gave up and lost interest. At the last meeting of this kind held at Kearney, Nebr., there were only 5 present.

The small manufacturer and machine shop owner is handicapped because he does not have the right type of machinery to produce items of a defense nature. Contracts seem to be awarded to those who have the equipment. Since the small businessman is not able to get a contract under this arrangement it is also impossible for him to buy new machinery because he has no priority number as he has not been able to get any defense contract.

I attended the defense clinic in Kansas City the 7th and 8th of November. There were not very many manufacturers and machine shop owners from Nebraska present. The largest percent of the prime contractors were looking for someone who already had the necessary equipment and were not much interested in anyone who was willing to purchase equipment to produce items for defense. I signed up requisitions on blueprints with different manufacturers but to date have not received any.

I have made many trips to the Office of Production Management office in Omaha. I have always received courteous and willing help from Mr. Walker and Mr. Faucett but somehow a contract on defense work has not materialized. During my search for defense work I have traveled more than 6,000 miles and spent several hundred dollars.

We operate a tool manufacturing plant under the firm name of Glantz Manufacturing Co., of which I, L. B. Glantz, am owner. We manufacture motor maintenance tools. The Quartermaster Depot and the Ordnance Department have set up specifications on some of our tools. We have therefore been successful in selling the Quartermaster and Ordnance Departments several orders for tools some of which have had an A–1 priority rating. We have not had any difficulty in getting material for any of these Government orders. We have not had much difficulty in receiving material for any of our tools.

It is my opinion that it is going to be difficult to farm out defense contract work to the small manufacturer or machine shop owner on a competitive bidding basis since he in all probability is not familiar with the type of work he would be called on to do. On items on which the Government has accepted bids there should be an established price or a suggested price. The largest percent of those with whom I have come in contact are afraid to submit bids because they have limited amount of capital and therefore feel they cannot afford to take too big a chance.

Regarding the labor situation on defense work I do not think I would have difficulty in getting additional help as I have received information from a number who have left here but want to return as soon as defense work is available here.

I am offering the above report from information I have gathered in my contacts in trying to get defense work.

Attending a conference to prepare this report were the mayor and city attorney of Minden, two members of the county board, the county agricultural agent, the Farm Security Administration manager, one dirt farmer, and two bankers.

To briefly summarize, the exodus of farm population has been serious; the young men are nearly all gone; the farm unit has become too large; the number of owner-operated farms has become too small. The needs are rapid development or irrigation, better methods of financing pump irrigation, and the location of a good-sized defense project or cantonment in the county.

TESTIMONY OF HON. L. B. GLANTZ—Resumed

The CHAIRMAN. What is your business, Mr. Glantz?

Mr. GLANTZ. I operate a tool-manufacturing plant.

The CHAIRMAN. What kind of tools do you manufacture?

Mr. GLANTZ. We manufacture motor-maintenance tools.

The CHAIRMAN. Do you sell these tools direct or through jobbers and retailers?

Mr. GLANTZ. We sell some to manufacturers and the balance to wholesalers.

The CHAIRMAN. What tools are your principal items?

Mr. GLANTZ. We manufacture various types of piston-ring compressors, valve lifters, wrenches, and ground clamps, and we have manufactured a few garden tools.

The CHAIRMAN. Who are some of your principal customers?

Mr. GLANTZ. Our largest outlets are the Western Auto Supply, Montgomery Ward, and the Snap Tool Co. We have probably 12 or 15 smaller agents.

The CHAIRMAN. Over what territory are these tools shipped?

Mr. GLANTZ. We cover the entire United States and part of Canada, and before the war started we were getting quite a little export business.

The CHAIRMAN. Could you give the committee an estimate of the number of tools you make a year?

Mr. GLANTZ. Just guessing, probably 100,000 units.

The CHAIRMAN. Mr. Glantz, what has been the situation in your town since the development of the defense program? What has been the local effect up to date? What is it doing to your population and your supply of skilled workers?

Mr. GLANTZ. Defense work elsewhere has taken out a large proportion of our young men. I think that is chiefly because they can receive better pay elsewhere. In fact, we have recently begun employing men 50 to 60 years of age.

The CHAIRMAN. Have many people moved away?

Mr. GLANTZ. Yes. I can give figures on the city, based on the number of resident meter users of the municipal water and light plant. In 1939 we had 516 resident users; in 1940 we had 522, and in 1941 we have 498.

The CHAIRMAN. This morning some Hastings manufacturers were heard. They not only told of their problems in manufacturing, but offered some solution for the handling of defense orders, and I am

sure you have a contribution to make also. Do you have any defense work in your plant at this time? Any contracts?

Mr. GLANTZ. Not at the present time. We have had several from the Army on our own items, but none on a new product.

The CHAIRMAN. I wish you would tell this committee about any effort you may have made to get defense work, and the difficulties you have run into, as a small manufacturer. I think we should have it in the record. Go back to your first efforts and proceed as you like.

POOLING ATTEMPTS

Mr. GLANTZ. I am afraid if we had to go back to that, we wouldn't be through this afternoon. It is a long story. There were several of us who decided that we would try to organize the small manufacturers and machine shop owners in the central part of Nebraska, and we had a little meeting at Kearney, at which half a dozen were present. We then set out to get all these men together to try to operate as a unit. We succeeded at one time in getting together at Grand Island more than 100 small manufacturers and machine shop owners. Since we didn't have any luck in getting a contract, at the last meeting there were only 5 present. The rest had lost interest.

I don't think it is possible for a small manufacturer to get into defense work—as a small manufacturer. I was down to Kansas City a few weeks ago, to attend the exposition held down there, where a display was set up for prime contractors who had items to offer.[1] Some of the items that we saw out there were very difficult to make. Without special machinery or equipment, it would be impossible.

But the big handicap to me seems to be that there is not enough time given. These reports come out, telling that the Government is going to advertise for bids. Sometimes, after we received the bids, the interval is only 4 or 5 days until the bid is opened. In order to be able to submit a bid, it is necessary to contact those who can furnish the material, determine prices, and arrange for delivery dates. Some of these happen to be steel mills, and they are somewhat slow in getting their information out; and for that reason, it is almost impossible to get a bid in. It has been difficult even on our own items where bids have been sent out. In one, a few weeks ago, we had only 3 days to get the bid in to them.

The CHAIRMAN. Where was that from?

Mr. GLANTZ. Haliburton, Nebr.

The CHAIRMAN. And from the time the bid entered your hands to the closing time, you had only 3 days?

Mr. GLANTZ. Yes.

The CHAIRMAN. Is that what they usually run, or is that an unusually short time?

Mr. GLANTZ. I don't know. I believe I have a bid in the papers here. Do you want me to leave it?

The CHAIRMAN. Just read off 2 or 3 items.

Mr. GLANTZ. I think I received this one on November 18. There was one item here that I felt that we could possibly handle—a machinist's tool chest. That bid was to be opened only from the 18th to the 28th.

The CHAIRMAN. When you say this bid was dated the 18th, you are referring to the circular sent out by the Omaha office of O. P. M.?

Mr. GLANTZ. I received it on November 18.

[1] Reference is to the Midwest Defense Clinic, held in Kansas City on November 7 and 8, under the direction of the Contract Division of the Office of Production Management.

The CHAIRMAN. And where was that bid to be 9 days later?

Mr. GLANTZ. In Jersey City.

The CHAIRMAN. Mr. Glantz, as you have received those announcements of Government requests for bids, has it been your observation that there were items on there that your plant or other small plants could have handled if they had had sufficient time to prepare their bids?

Mr. GLANTZ. Yes; I have received some. In fact, I have one here, an item that I feel could be handled in almost any machine shop. The requirements were 50,000 a month. There were 2,000,000 in this order. That is a subcontract.

The CHAIRMAN. What is the name of the item? What sort of thing is it?

Mr. GLANTZ. That part has been cut out. But it is a plug for an incendiary bomb. Now, the difficulty with that is that it will have to be rolled especially.

The CHAIRMAN. You mean at the mill?

Mr. GLANTZ. And we haven't been able to get anywhere at the mill. So we will have to let that slide.

The CHAIRMAN. If that bid were open long enough to get the item back from the mill, could your shop and other shops handle it?

Mr. GLANTZ. I think three or four machine shops could handle it.

EFFORTS TO OBTAIN DEFENSE CONTRACTS

The CHAIRMAN. Mr. Glantz, you said that you went down to Kansas City to the defense clinic. That is about 250 miles down there.

Mr. GLANTZ. Somewhere around that.

The CHAIRMAN. And it takes several days. You can't ride there and come back the same day.

Mr. GLANTZ. I stayed there 2 days.

The CHAIRMAN. What other trips have you made to get defense contracts? Have you visited the O. P. M. office in Omaha?

Mr. GLANTZ. I have been there 15 or 20 times.

The CHAIRMAN. And that is 200 miles from your home town.

Mr. GLANTZ. And I made several trips to the Cushman Motor Works at Lincoln. They had some blueprints. I made three trips to Kansas City and two to Chicago.

The CHAIRMAN. And to date you have no contract?

Mr. GLANTZ. No.

The CHAIRMAN. Is there any other criticism you would care to make of the procedure, besides this time element? Are there any suggestions?

Mr. GLANTZ. I think if the small manufacturers were on an equal financial footing with the larger ones, they would all get work. Most of these items that come out can't be handled without new equipment, and if we were given the same breaks as the larger manufacturers, there would be a lot of work for us now.

The CHAIRMAN. And that new equipment would not be any greater additional investment proportionately than they are making for the larger manufacturers?

Mr. GLANTZ. It should be less. In the town of Minden, we have a building that could house a rather large project and we have housing facilities. We have everything there to take care of the added people who would work on such a project.

The CHAIRMAN. How long have you been in the machinist business?

Mr. GLANTZ. All my life.

The CHAIRMAN. Where did you first work in it?

Mr. GLANTZ. I first worked in Havelock, Nebr.

The CHAIRMAN. On the railroad there?

Mr. GLANTZ. In the railroad shops, yes.

The CHAIRMAN. And prior to that time you had done considerable experimenting with engines and the like?

Mr. GLANTZ. Yes.

The CHAIRMAN. What service did you render in the last war?

Mr. GLANTZ. I enlisted as a machinist. I served as chief machinist, the last year and a half of the war.

The CHAIRMAN. What training did you receive?

Mr. GLANTZ. I was given a special course at Columbia University.

The CHAIRMAN. And since the close of the last war you have been directly engaged in the same line of activity?

Mr. GLANTZ. Yes; I ran a machine shop until about 10 or 12 years ago, and then I began manufacturing.

The CHAIRMAN. Mr. Glantz, it may be interesting to you to know that this morning the witnesses cited this time element as one of the things that was hindering them. I would like to have your idea on this proposition. If the Federal Government could spend a little more time in getting the small manufacturers started by making production engineers available to them with authority to enter into negotiated contracts—in other words, to agree on something that would fit the individual firm—do you think the small plants could come into a greater part in this defense program?

SMALL BUSINESS WANTS TO HELP

Mr. GLANTZ. Yes; I think so. My contacts with the small manufacturers and machine shop owners show that they wanted to get in and help. They felt it was their duty to do so. I think they were more concerned about that than about the dollar-and-cent aspect.

The CHAIRMAN. In addition to these 15 or 20 trips to Omaha, and your trips to Kansas City and Chicago, you have spent time both during and after business hours studying various specifications?

Mr. GLANTZ. I have become pretty well familiar with them.

The CHAIRMAN. If some plan could be devised whereby someone with authority to speak and act for the Government could give you sufficient time to demonstrate what you could do, and negotiate a contract to that end, that would be the solution for you, as a small manufacturer, wouldn't it?

Mr. GLANTZ. I think it would be a great help. The trouble is that this defense work is so new to the average small businessman that it is really difficult even to send in a bid. It would be a real help if such a service could be rendered to the small manufacturer and machine shop owner.

The CHAIRMAN. And while it would be a greater expense to the Federal Government on some items, it would save considerably on housing programs and installation of water and sewer facilities.

Mr. OSMERS. I believe that men with authority to give contracts and trial orders should be going around the country and inspecting these plants and getting them started. One of the great failures of the

defense program so far has been that no one has had sufficient authority to do business and go to all these different places.

The CHAIRMAN. I think you have given to the committee a most valuable statement, Mr. Glantz, because it shows the effort on the part of a small manufacturer, and what the Government has failed to do in that regard. That will be all.

TESTIMONY OF EDWARD P. RYAN, SECRETARY, CENTRAL NEBRASKA DEFENSE COUNCIL, GRAND ISLAND, NEBR.

The CHAIRMAN. Mr. Ryan, Mr. Osmers will interrogate you.

Mr. OSMERS. Mr. Ryan, will you give your name and address and occupation to the reporter?

Mr. RYAN. My name is E. P. Ryan, commissioner and traffic manager, Grand Island Chamber of Commerce. I have handed in a statement. I would like to hand in some maps now to accompany it.

(Three of the six maps referred to above are held in committee files, owing to the impracticability of reproducing them. Mr. Ryan's statement, with the remaining three maps, follows:)

STATEMENT BY EDWARD P. RYAN, SECRETARY, CENTRAL NEBRASKA DEFENSE COUNCIL, GRAND ISLAND, NEBR.

My name is Edward P. Ryan of Grand Island, Nebr. I am commissioner-traffic manager of the Grand Island Chamber of Commerce, also traffic manager for the Nebraska Livestock Auction Association, secretary of the Central Nebraska Defense Council, secretary of the Allied Counties Nebraska Drought Area, chairman of publicity and statistics committee of the Nebraska Development Association. I am a native Nebraskan. I have resided here almost all of my life and in my line of work extending over a quarter of a century, I have been in more or less direct contact with agriculture, transportation matters, the wholesale, retail, and manufacturing business of the State, and have had cause during this period to study the trend of population.

Nebraska is perhaps more agricultural than any other State in the Union. It, therefore, must depend upon the conservation of its basic resources, soil and water, for its existence. The drought, which we are now passing through and which has existed for some 7 years, has taken its toll by sharply decreasing our agricultural income. Crop failure after crop failure has caused a great number of our people to move from place to place in Nebraska and from the farms to the cities and also to move from the State.

LOSS IN NEBRASKA POPULATION

In 1930 Nebraska had a population of 1,377,963. The 1940 Census shows that our population decreased to 1,315,834, a loss of 62,129 or 4.5 percent of the State's population.

There are nine cities in the State having a population of 10,000 or more. Regardless of the movement from farms to town, most of these cities hardly held their own in population. The increase ranging from 3 to 8 percent, except in the case of Scottsbluff located in the western part of Nebraska in the irrigation district, which had a very fine increase of 3,592 or 42 percent over 1930. While on the other hand, 2 of the 9 cities, Hastings and Norfolk, showed a slight loss.

Because Nebraska is an agricultural State, our population is unevenly divided. Approximately 50 percent of our people are located in the east one-fourth of the State, 72 percent in the east one-third. The Sixteenth Census of the United States 1940 shows that as a whole Nebraska's loss in population was 4.5 percent. While the urban population increased 5.8 percent, there was a substantial loss in the rural population of 10.1 percent. While there was a slight gain in 16 of the 93 counties of the State, there was a loss in the other 77 counties.

HEAVY LOSS IN POPULATION IN 45 COUNTIES IN SO-CALLED DROUGHT AREA DURING PAST 10 YEARS

Hall County, in which Grand Island is located, is in the heart of the designated drought area, which comprises some 45 counties in the south and central part of the State. The loss of population in this area was 60,063 or 96.7 percent of the entire State's loss. The seriousness of the situation can be realized by citing the loss in some of these counties; for example, Custer had a loss of 3,598; Howard, 1,598; Greely, 1,597; and Clay, 3,125. The percentage loss in rural population is as follows: Custer, 16.4; Howard, 15.9; Greeley, 18.9; and Clay, 23.

THE EFFECT OF THE DROUGHT ON AGRICULTURE

The drought has made it almost impossible to produce crops and has had serious effect upon the production of livestock. Representative of the situation can be cited by quoting the records using the central district comprising the counties of Custer, Valley, Greeley, Sherman, Howard, Dawson, Buffalo, and Hall. While these counties are located in the center of Nebraska, they are also in the designated drought area. In 1932 this area produced 16.9 bushels of corn per acre; in 1933, 21.6; in 1934 this dropped to 1.9; 1937, 6.2; 1938, 9. While the average for the State during that year was 14.5 bushels per acre. Referring to livestock, in 1932 this area produced 687,340 hogs contrasted with 209,070 in 1935. This production was again reduced in 1938 to 150,960, hardly 25 percent of that produced in 1932. Referring to production of cattle, in 1932 this area produced 380,200 head. This was reduced to 292,220 in 1935 and increased slightly in 1938 to 313,660, some 67,000 less than in 1932.

MIGRATION FROM FARMS IS CONTINUING

On seeking information relative to farm population and conditions, we have interviewed the offices of county agricultural agents and the Agricultural Conservation Association and based upon general knowledge we are convinced that farmers are gradually leaving the country. The report for Hall County shows 66 vacant farm homes, and 267 persons departed in the past 2 years with 65 persons expecting to leave this area in the very near future. Buffalo County reports that they have over 334 homes that are vacant or abandoned. It has, in general, been conceded that mechanical agriculture has taught most of the farm population how to handle, care for, and repair machinery—experience which constitutes the finest foundation in mechanical training and makes of farm labor a source of potentially skilled workmen for industry. Furthermore, there are large numbers of persons so trained who have been displaced by the increased use of machinery on farms and by drought conditions of recent years. Many farm-reared boys and girls have had to seek employment elsewhere but their homes are still in this area and they, no doubt, would welcome the opportunity to return to jobs here.

We have heard it mentioned frequently that the young farmers that have gone to the Pacific coast to get a position in airplane factories, after being there 2 or 3 months write home to their parents and ask that they come to California to live, as they make as much in 2 or 3 months as the entire family did on the farm during a year.

CITIES AND TOWNS ARE ALSO LOSING POPULATION

The people in the city depend almost entirely on agriculture and when agriculture suffers, it naturally follows that it affects those living in the cities and towns. Grand Island is the third city in size in population. It is a retail trade center as well as being an important jobbing and distribution point. It is also an important grain and livestock center, 2 of the largest livestock auction markets in the country are located here. Grand Island has some 20 manufacturing establishments employing around 175 to 200 people. Two years ago they employed over 250 people. On making a check with our State employment office of the loss of population for the past year and based on other tests, we feel that over 200 young people left the city and approximately 150 skilled workers. It has been estimated that the total loss would exceed 1,500 persons. We have the names of over 758 people that have left and the point of their destination. We are satisfied from our study that the trend is toward a continuous loss of population.

BOMBER PLANTS AT OMAHA AND WAHOO

While we have no objection to the Government establishing bomber plants in eastern Nebraska, we do fear that this will have a tendency to add to our labor troubles. It seems to be the prevailing opinion that these two plants are bound to draw heavily on our population, which will not only affect our cities and towns but our farming country as well. These direct influences are matters that must be given consideration because it should be clear that our people in this area, realizing our present situation and with the future not so bright, are bound to be influenced by immediate and good paying jobs.

METHOD OF MARKETING LIVESTOCK

Today we have in Nebraska what you might call a dual system of markets for livestock. We have what is known as the large terminal markets where a farmer or livestock producer may ship his livestock to a commission firm and they, in general, sell to packer buyers. The other method is where a farmer or livestock producer brings his livestock to what is known as livestock auction markets, where the livestock is sold to the highest bidder and everyone present hears the bid and knows what it is. It is different than when selling on a terminal market where it is what you might call a silent bid.

There are some 125 livestock auction markets throughout the State of Nebraska. Sales are held at these markets generally once or twice a week. These markets are a wonderful thing for the farmer, particularly the one who only feeds a few head of livestock at a time. He sells when the market is high and buys when it is low. He generally transports his few head of livestock in a small trailer behind his automobile. If it were not for these home markets, it is doubtful whether these farmers would be able to handle any livestock at all and which is one of the factors why they are able to stay on their farms during this drought period. There is a bill before Congress now, S. 1199, introduced by Senator Gillette, which, if passed, in our opinion, would have the effect of destroying this system of marketing. We favor the freedom of marketing for livestock.

TRANSPORTATION

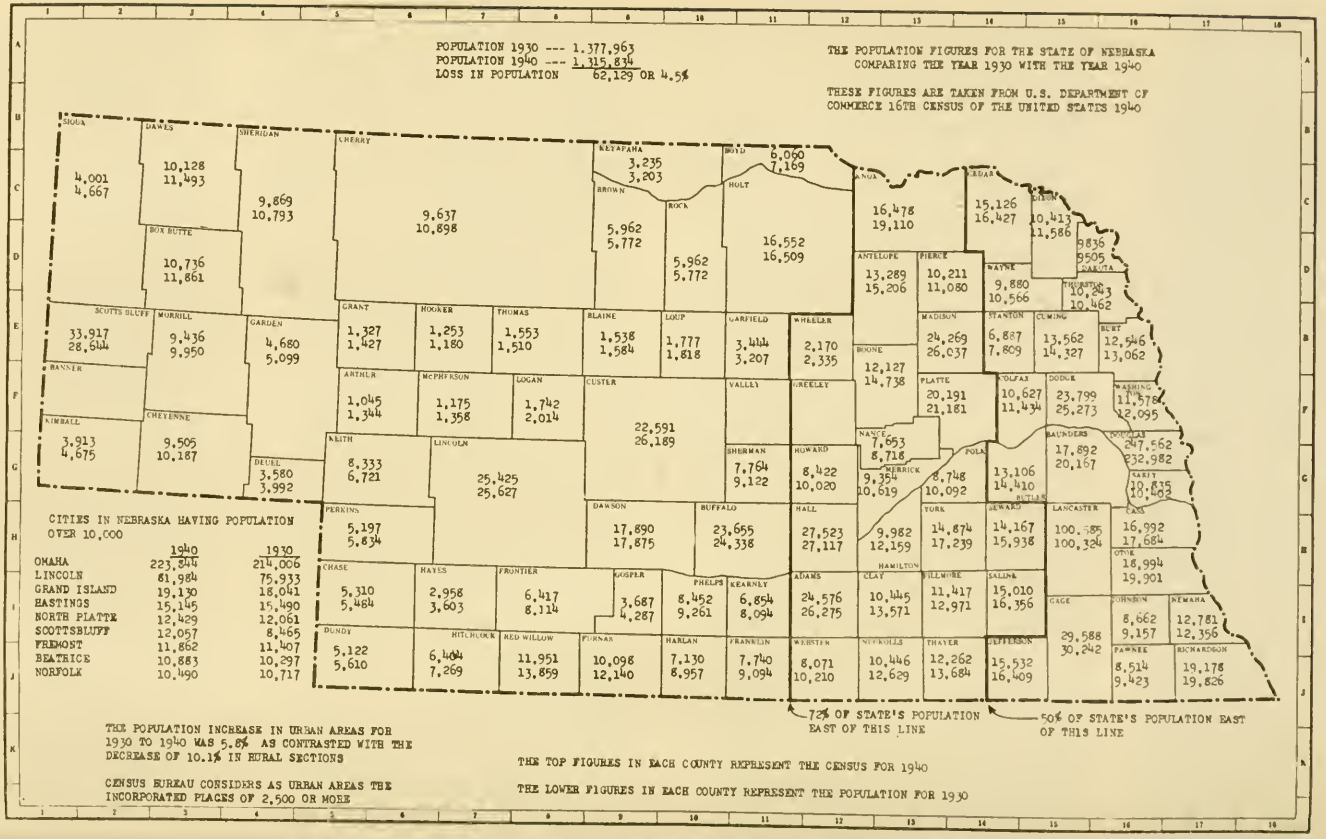
Both rail and truck transportation is highly important to the farmer of this area. There are many places where it is impossible for a semitrailer truck to go to the farms and ranches. It is necessary to take a small truck to haul the livestock to the highway and then transfer it to the larger truck. A better developed system of roads in the farm area would result in much benefit to the farmer. The railroads in this State are beginning to file applications with the Interstate Commerce Commission asking for permission to abandon certain branch lines. There is an application now pending for the discontinuance of Chicago & North Western branch line between Hastings and Linwood, a distance of approximately 122 miles. The Burlington Railroad has an application filed to discontinue its tracks from Pragne to Schuyler. They have already taken up their track between Greeley and Ericson. The discontinuance of railroad service is, what you might say, the taking away of dependable transportation service, which is used extensively in the movement of seasonable crops and at the time livestock is fattened and ready for market. Unless good permanent roads are built and kept open the year round during all kinds of weather, it is bound to result in injury to the farmers of this State.

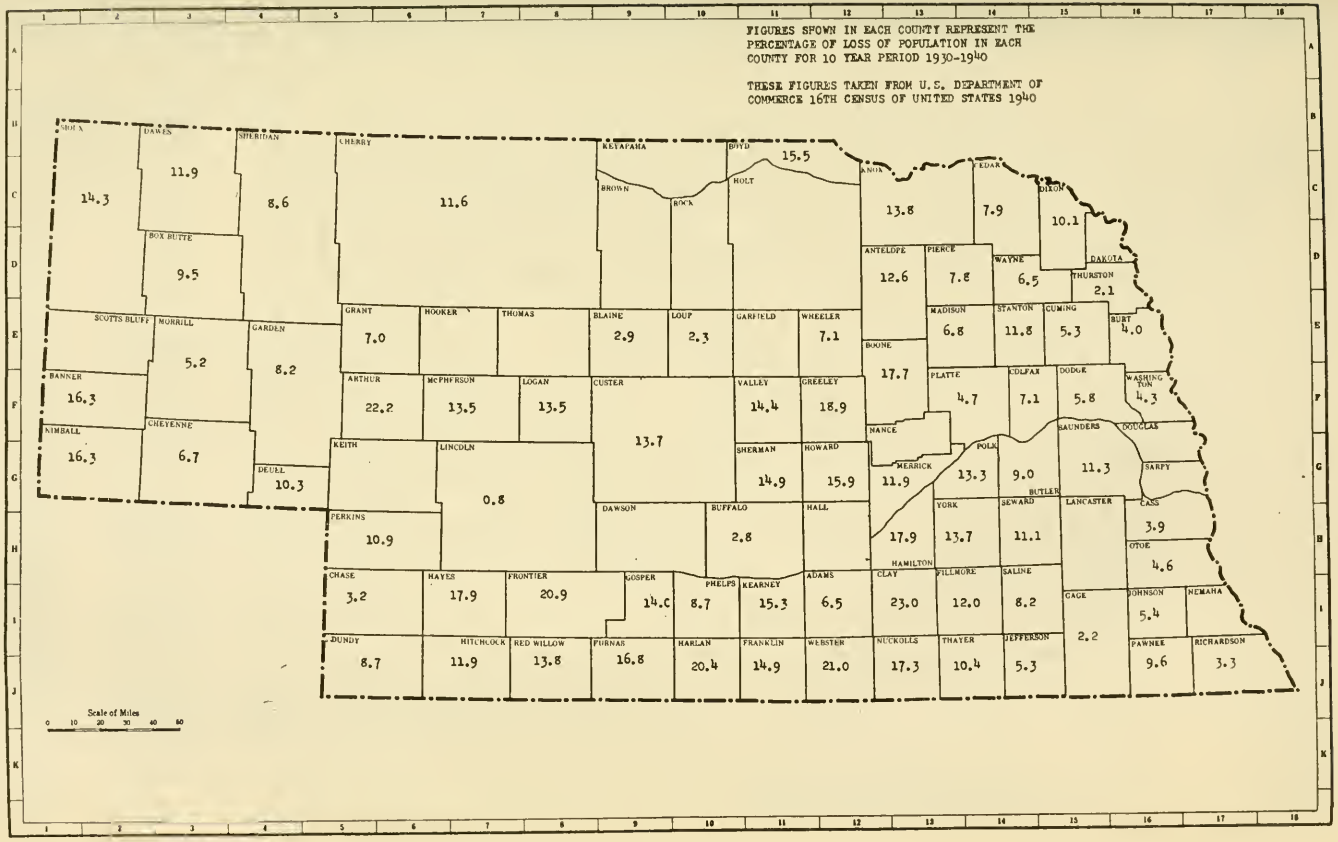
WELL-PUMP IRRIGATION

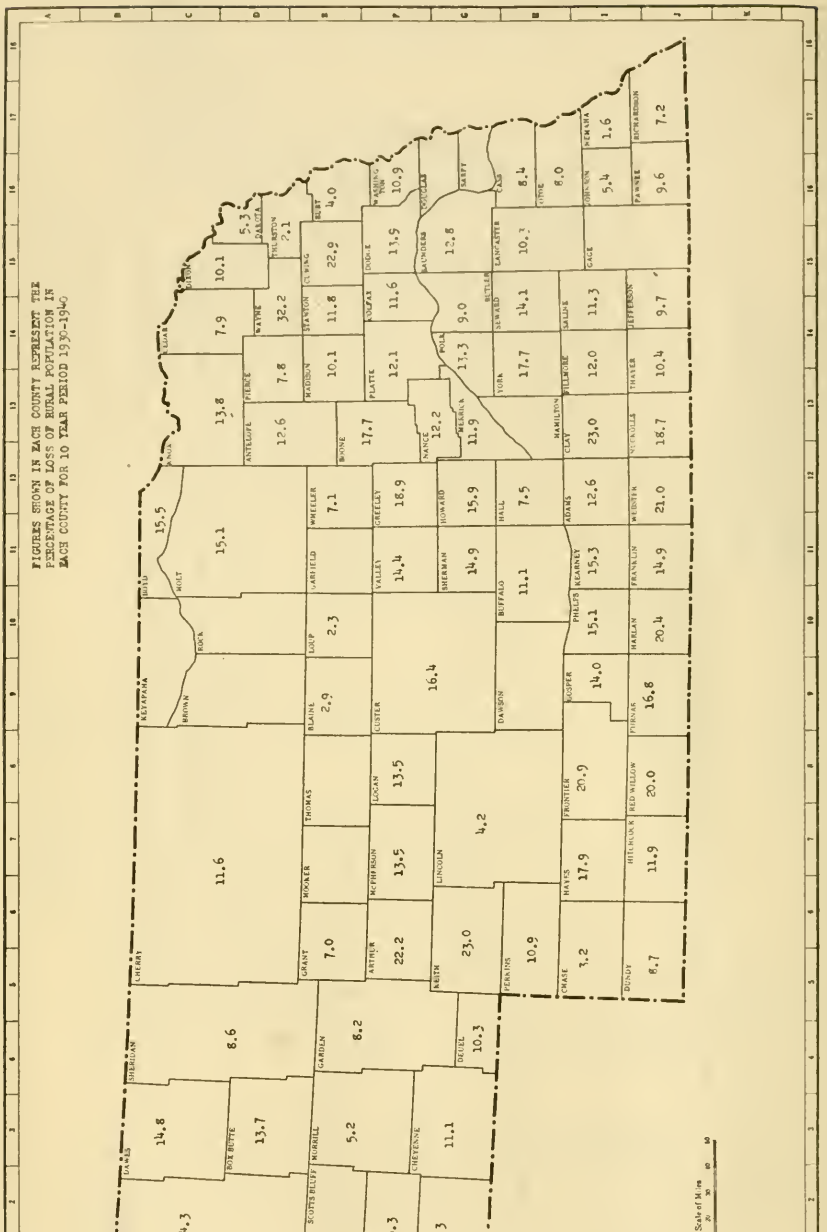
It is generally conceded in this State that the Platte Valley is the best area for well-pump irrigation where there is a dependable supply of underground water. Farmers that have suitable land for irrigation in a number of cases are unable to raise sufficient funds for the equipment. Long-time low-interest loans by the Government would be of material benefit. It is apparent that there should be some agency to supervise the farmers for 2 or 3 years after they have a pump installed on their farms so as to educate them to the proper method of irrigation.

LOCATION OF DEFENSE PROJECTS IN THIS AREA

The people in general are wondering why the Government doesn't relieve this situation by establishing some defense project in this area to absorb our surplus labor and which, no doubt, would be an influence to those that have left to return to their former homes. It is also contended that in order to hold what mechanics there are left and to assist the small manufacturer same method should be worked out so they could receive under subcontracts. That direct contract with the small manufacturer is necessary because of his limited means and the lack of understanding in procuring subcontracts. The present long-range method of contacting the small manufacturer is not working out in this territory.


POPULATION 1930 --- 1,377,963
POPULATION 1940 --- 1,315,834
LOSS IN POPULATION 62,129 OR 4.5%
THE POPULATION FIGURES FOR THE STATE OF NEBRASKA COMPARING THE YEAR 1930 WITH THE YEAR 1940
THESE FIGURES ARE TAKEN FROM U.S. DEPARTMENT OF COMMERCE 16TH CENSUS OF THE UNITED STATES 1940
SIOUX 4,001 4,667
DAWES 10,128 11,493
SHERIDAN 9,869 10,793
CHERRY 9,637 10,898
KEYAPAHA 3,235 3,203
BOYD 6,060 7,169
BROWN 5,962 5,772
ROCK 5,962 5,772
HOLT 16,552 16,509
KNOX 16,478 19,110
CEDAR 15,126 16,427
DIXON 10,413 11,586
DAKOTA 8836 9505
BOX BUTTE 10,736 11,861
ANTELOPE 13,289 15,206
PIERCE 10,211 11,080
WAYNE 9,880 10,566
THURSTON 10,203 10,462
SCOTTS BLUFF 33,917 28,644
MORRILL 9,436 9,950
GARDEN 4,680 5,099
GRANT 1,327 1,427
HOOKER 1,253 1,180
THOMAS 1,553 1,510
BLAINE 1,538 1,584
LOUP 1,777 1,818
GARFIELD 3,444 3,207
WHEELER 2,170 2,335
MADISON 24,269 26,037
STANTON 6,887 7,809
CUMING 13,562 14,327
BURT 12,546 13,062
BANNER
ARTHUR 1,045 1,344
MCPHERSON 1,175 1,358
LOGAN 1,742 2,014
CUSTER 22,591 26,189
VALLEY
GREELEY
BOONE 12,127 14,738
PLATTE 20,191 21,181
COLFAX 10,627 11,434
DODGE 23,799 25,273
WASHING TON 11,578 12,095
KIMBALL 3,913 4,675
CHEYENNE 9,505 10,187
DEUEL 3,580 3,992
KEITH 8,333 6,721
LINCOLN 25,425 25,627
SHERMAN 7,764 9,122
HOWARD 8,422 10,020
NANCE 7,653 8,718
MERRICK 9,354 10,619
POLK 8,748 10,092
BUTLER 13,106 14,410
SAUNDERS 17,892 20,167
DOUGLAS 347,562 332,982
SARPY 18,835 19,482
PERKINS 5,197 5,834
DAWSON 17,890 17,875
BUFFALO 23,655 24,338
HALL 27,523 27,117
YORK 14,874 17,239
SEWARD 14,167 15,938
LANCASTER 100,585 100,324
CASS 16,992 17,684
OTOE 16,994 19,901
CHASE 5,310 5,484
HAYES 2,958 3,603
FRONTIER 6,417 8,114
GOSPER 3,687 4,287
PHELPS 8,452 9,261
KEARNEY 6,854 8,094
ADAMS 24,576 26,275
CLAY 10,445 13,571
HAMILTON
FILLMORE 11,417 12,971
SALINE 15,010 16,356
GAGE 29,588 30,242
JOHNSON 8,662 9,157
NEMAHA 12,781 12,356
DUNDY 5,122 5,610
HITCHCOCK 6,404 7,269
RED WILLOW 11,951 13,859
FURNAS 10,098 12,140
HARLAN 7,130 8,957
FRANKLIN 7,740 9,094
WEBSTER 8,071 10,210
NUCKOLLS 10,446 12,629
THAYER 12,262 13,684
JEFFERSON 15,532 16,409
PAWNEE 8,514 9,423
RICHARDSON 19,178 19,826
CITIES IN NEBRASKA HAVING POPULATION OVER 10,000
1940 1930
OMAHA 223,844 214,006
LINCOLN 81,984 75,933
GRAND ISLAND 19,130 18,041
HASTINGS 15,145 15,490
NORTH PLATTE 12,429 12,061
SCOTTSBLUFF 12,057 8,465
FREMONT 11,862 11,407
BEATRICE 10,883 10,297
NORFOLK 10,490 10,717
THE POPULATION INCREASE IN URBAN AREAS FOR 1930 TO 1940 WAS 5.8% AS CONTRASTED WITH THE DECREASE OF 10.1% IN RURAL SECTIONS
CENSUS BUREAU CONSIDERS AS URBAN AREAS THE INCORPORATED PLACES OF 2,500 OR MORE
THE TOP FIGURES IN EACH COUNTY REPRESENT THE CENSUS FOR 1940
THE LOWER FIGURES IN EACH COUNTY REPRESENT THE POPULATION FOR 1930
72% OF STATE'S POPULATION EAST OF THIS LINE
50% OF STATE'S POPULATION EAST OF THIS LINE


FIGURES SHOWN IN EACH COUNTY REPRESENT THE PERCENTAGE OF LOSS OF POPULATION IN EACH COUNTY FOR 10 YEAR PERIOD 1930-1940
THESE FIGURES TAKEN FROM U.S. DEPARTMENT OF COMMERCE 16TH CENSUS OF UNITED STATES 1940
SIOUX 14.3
DAWES 11.9
SHERIDAN 8.6
CHERRY 11.6
KEYAPAHA
BROWN
ROCK
BOYD 15.5
HOLT
KNOX 13.8
CEDAR 7.9
DIXON 10.1
BOX BUTTE 9.5
ANTELOPE 12.6
PIERCE 7.8
WAYNE 6.5
DAKOTA
THURSTON 2.1
SCOTTS BLUFF
MORRILL 5.2
GARDEN 8.2
GRANT 7.0
HOOKER
THOMAS
BLAINE 2.9
LOUP 2.3
GARFIELD
WHEELER 7.1
MADISON 6.8
STANTON 11.8
CUMING 5.3
BURT 4.0
BANNER 16.3
ARTHUR 22.2
MCPHERSON 13.5
LOGAN 13.5
CUSTER 13.7
VALLEY 14.4
GREELEY 18.9
BOONE 17.7
PLATTE 4.7
COLFAX 7.1
DODGE 5.8
WASHINGTON 4.3
KIMBALL 16.3
CHEYENNE 6.7
DEUEL 10.3
KEITH
LINCOLN 0.8
SHERMAN 14.9
HOWARD 15.9
NANCE
MERRICK 11.9
POLK 13.3
BUTLER 9.0
SAUNDERS 11.3
DOUGLAS
SARPY
PERKINS 10.9
DAWSON
BUFFALO 2.8
HALL
YORK 13.7
SEWARD 11.1
LANCASTER
CASS 3.9
OTOE 4.6
CHASE 3.2
HAYES 17.9
FRONTIER 20.9
GOSPER 14.0
PHELPS 8.7
KEARNEY 15.3
ADAMS 6.5
HAMILTON 17.9
CLAY 23.0
FILLMORE 12.0
SALINE 8.2
GAGE 2.2
JOHNSON 5.4
NEMAHA
DUNDY 8.7
HITCHCOCK 11.9
RED WILLOW 13.8
FURNAS 16.8
HARLAN 20.4
FRANKLIN 14.9
WEBSTER 21.0
NUCKOLLS 17.3
THAYER 10.4
JEFFERSON 5.3
PAWNEE 9.6
RICHARDSON 3.3
Scale of Miles
0 10 20 30 40 50


FIGURES SHOWN IN EACH COUNTY REPRESENT THE PERCENTAGE OF LOSS OF RURAL POPULATION IN EACH COUNTY FOR 10 YEAR PERIOD 1930-1940
Scale of Miles

TESTIMONY OF EDWARD P. RYAN—Resumed

Mr. OSMERS. I have read your statement rather carefully and there were some things I would like to have you enlarge upon for the committee. You have had a great deal of experience in the transportation problem. I wonder if you would tell us what has happened during the last 10 years to the hauling of freight by rail.

TRANSPORTATION OF FARM PRODUCTS

Mr. RYAN. In the past 10 years truck competition has entered the field of transportation and has made great inroads upon rail transportation. In our State, at peak we had about 60,000 trucks in the cities and about the same number on the farms. The farmers naturally began to truck their own commodities to market as much as they could. Some State regulations were passed which prevented a great number of them from hauling. I think in the last 3 or 4 years there are perhaps 25 percent or more who have ceased hauling from farm to market. The railroads naturally have had to curtail transportation. If conditions keep up the chances are that we are going to lose the majority of our branch-line railroads in this State. Already we have lost the Greeley-Ericson Line and the Omaha Road near Sioux City. There is an application now filed by the Chicago & North Western Railroad to take 122 miles of track out between Hastings and Fremont. The Burlington has filed an application with the Interstate Commerce Commission to take up its line from Prague to Schuyler, and part of the old K. C. & O. Line has already been taken up. The necessity of rail transportation is apparent in an agricultural State of this kind. We have in Nebraska what we call seasonal marketing. Heavy feeding of livestock is generally done during the winter season. When a farmer has his livestock ready for market he has to sell them. Rail transportation, dependable night and day, winter and summer, is important in order to get the livestock to market. When we face the situation it becomes apparent that we will have to turn to truck transportation. Good permanent farm-to-market roads become a necessity. In hauling livestock from the farms and ranches of central Nebraska large semitrailers are used. The trailer must stay on good permanent roads. It is necessary that a smaller truck transfer the livestock from the trailer to a larger truck. This heavy overhead must be borne by the producer of livestock. I feel that some thought should be given to that situation. I am not criticizing the railroads; it is a matter of economy for them to discontinue certain branch lines. At the same time we in the State of Nebraska will be losing a most vital means of dependable transportation.

Mr. OSMERS. I think it is pretty well established in the public mind that railroad trackage that does not carry itself cannot continue in existence. Of course, the fact that these railroads have made applications to take up the tracks, is a sort of last step taken after the service has been discontinued.

Mr. RYAN. That is true.

Mr. OSMERS. But do you see any solution to the problem in either public or private endeavor?

Mr. RYAN. We are primarily an agricultural State. The problem here is the economical transportation of the agricultural products which we raise. Our products are not all consumed in the State of

Nebraska, our density of population being only 17.2 to the square mile. They must be hauled to large consuming centers where there is a dense population. It appears to me that we should devote more thought to farm-to-market transportation than simply to the tourist trade. We have in this State the Lincoln Highway which goes from coast to coast, paved throughout the State. We also have Highway No. 6 paved all the way through the State, No. 20 to the north, and No. 3 to the south. The farmer has very few north and south roads for short hauls to these permanent highways. Farming is like any other business. You can only carry a certain overhead; above that you have to cease operating.

CURTAILMENT OF RAILROAD SERVICE

Mr. OSMERS. What effect has this curtailment of railroad service had upon the various towns in the State?

Mr. RYAN. In the hauling of their heavy commodities—lumber, coal, bricks, cement, lime, and what not—it has this effect: It transfers their buying and selling to the larger centers, whereas heretofore thay have marketed their products in their own cities and towns. That has led to a curtailment of retail trade in the smaller communities. It is changing the marketing situation.

Mr. OSMERS. What changes have you observed in cattle raising in the last 10 years in Nebraska?

Mr. RYAN. Before we had railroads in this State—and that hasn't been so many years ago—wagon transportation was used. Later, the railroads came, and that was really a blessing to the farmer. In handling livestock the natural points were the large markets along the Missouri River: Kansas City, St. Joe, Omaha, and Sioux City. A farmer would go in from the interior and buy some stockers and feeders on the Omaha market. He would ship them back out, fatten the stock and ship them back in again. He had three transportation charges, three yardage and three insurance charges. Here in the interior we now have the auction-market system of selling livestock.

Mr. OSMERS. Is there not a bill before Congress to curtail that system?

Mr. RYAN. Senator Gillette, of Iowa, has introduced in Congress bill 1199, which would have the effect of closing up most, if not all, of our livestock-auction markets. Under that bill a farmer could not sell his own livestock on his own farm to a packer-buyer even if he wanted to.

He could not take it to the local market and sell that livestock even at auction through the operator there to a packer-buyer, even if the packer-buyer said he wanted to pay a dollar per hundred more. It would take the competition out of that market.

Mr. OSMERS. What does the bill propose to do?

Mr. RYAN. It proposes this: To amend the Packer and Stockyards Act, wherein it would be unlawful for a packer-buyer to purchase livestock at a market where they didn't have a packing plant; we have just about two or three packing plants in the interior of the State of Nebraska.

Mr. OSMERS. Do you know what purpose Senator Gillette might have in mind in proposing this legislation?

Mr. RYAN. I have my ideas.

Mr. OSMERS. Wouldn't the removal of competition from the sale of his livestock in effect reduce the price received by the farmer, and also cause many excessive shipping charges before he could sell his stock?

Mr. RYAN. It certainly would. I can't see how it can do anything else but deny the farmer his right to sell on any market he desires. Here is what happened in this State: I think you will find that the majority of sales on the interior livestock-auction markets are from the smaller farmers who raise from six to seven head of livestock. Such a farmer might have a couple hundred bushels of corn. He would fatten his livestock and then sell them. He manages to keep on going, and that is one of the main reasons why farmers in this part of the country have been able to stay on the farm as long as they have. Perhaps 60 to 65 percent of the dealing on these interior markets are from farmers of this kind.

Mr. OSMERS. Are there any abuses in connection with the auction system that the committee should know about?

LIVESTOCK AUCTION SYSTEM

Mr. RYAN. The auction system works this way: If I were a farmer and shipped a car of livestock to a terminal market, I would consign to a commission merchant. He calls in the packer-buyer. They look at the livestock, and the packer-buyer asks how much he wants for them. He doesn't bid. The commission man tells him the price, and if it isn't satisfactory, he tries some other packer-buyer. Now, in the interior we have packer-buyers—private speculators, auction market operators themselves—all bidding at auction where everybody hears the bid. If a farmer isn't satisfied with the bid, after the livestock is sold he stands up and says, "No sale."

Mr. OSMERS. He has the privilege of withdrawing the cattle?

Mr. RYAN. Yes. Not 6 weeks ago I was out at Ogallala where a farmer said "No sale." He said, "You are selling both head of livestock together, and I want them sold separately." But when you are 200 miles from a terminal market you must accept the price they sell your livestock for. Here they can load them right back in the car and take them back home.

Mr. OSMERS. Taking all of the testimony that you have given us and applying it to the subject of migration what would you say the effects on migration would be if they eliminated the auction feature from cattle selling? Would it cause people to stay in Nebraska or to move out?

Mr. RYAN. I am afraid you would have 25 or 30 percent moving out right now if you denied them that privilege.

Mr. OSMERS. In your opinion, Mr. Ryan, what is the solution to the problem of keeping people in Nebraska, or what solutions are there?

Mr. RYAN. During the last 10 years some 62,000 persons have left our State and are continuing to move away; 77 counties out of our 93 counties have lost population.

In the drought area, which consists of 45 counties, over 60,000 people have left; 96.7 percent of the entire State loss occurred right in this drought area. The eastern one-third of the State raises 50 percent of the hogs and 50 percent of the corn which they feed to the hogs and they are close to the Missouri River markets. Our wheat and cattle are equally divided, and the dividing line goes down the middle of our State. The eastern fourth of our State doesn't need much help. When you begin to leave the eastern part of the State the population falls off to a point where we have five counties with a population of density of less than two persons per square mile. When you reach Scottsbluff the situation is entirely different. There they have irrigation and an increased population and the people are really happy. But the situation in

other sections is entirely different. I went pheasant hunting with a friend and we drove around on the border of Hall County and into Buffalo County. We counted more vacant farm houses than occupied ones and we saw one very fine brick house and looked in. It had new floors. It was a very fine little building. I would like it for my own home in Grand Island. We wondered why that fellow had left. We arrived at the conclusion that the young fellow, like many other young residents of this territory, had left the scene for good. Perhaps he was, let us say, a mechanic, one of the many who of necessity had learned how to repair a tractor. Perhaps, like many such, he had gone to the coast, or to Wichita, to work in an airplane factory, because he found he could make as much in 2 or 3 months there as in 2 years on the farm. The buildings here were weather beaten from the dust storms and some of the plaster was falling from the ceiling, and in some of those places you could see oats and corn in small quantities in various rooms. We saw a little sorghum here, there, and everywhere. We inquired about this section and the county agent said that there were 344 homes in Buffalo County which had been deserted. There are 60 in my own county, Hall County.

Mr. OSMERS. To whom does that land revert?

Mr. RYAN. I have an idea that this is what happens. I think perhaps the Government has done what it could through various loans. Perhaps that young fellow was the son of a pioneer and stayed there just because his old dad sold the idea to him, and I suppose the insurance companies owned the majority of the land out there; I don't know. We haven't checked on that but we do know from inquiring at the banks that we are having more sales in our territory than we have had in 2 years. But whoever owns the land should be encouraged to put some nails in the sides of these houses to hold them together. There is a pitiful destruction going on of property and homes that could be occupied.

Mr. OSMERS. Is it your opinion that the farms you examined could now be profitably operated?

Mr. RYAN. They most certainly could. We have the United States Monitoring Station located on the so-called Sand Ridge 6 miles from Grand Island. They have about 60 acres. They have the most beautiful lawn you ever saw and the most beautiful trees because they use plenty of water. We can grow anything under the sun, if we can get the water. That is all we need.

IRRIGATION AS SOLUTION OF AGRICULTURAL PROBLEM

Mr. OSMERS. Do you think that irrigation is the basic solution of your agricultural problem in the dry portion of Nebraska?

Mr. RYAN. I think it is. I have gained this from direct observation. I went out to Dr. Watson's farm 6 miles west of Grand Island, where he irrigated for 5 years. Each year he had suffered a loss so he wanted to understand how to irrigate. Dr. Watson hired a new tenant who knew how to irrigate. Dr. Watson went out afterward and asked, "Where is the water?" He said, "It is on the field." The Doctor said, "There isn't any water standing around." The tenant answered, "That isn't the way to irrigate. Water don't stand around. You take a spade and follow me." Mother Earth was as damp and as wet as she could be. It is a matter of education and a lot of hard work.

Mr. OSMERS. Do you think it will require financial assistance from the Government to get these new irrigation farms on a profitable basis?

Mr. RYAN. I think that would hurry it considerably. Four years ago our chamber of commerce discussed pump irrigation in our county. They were very dubious about well-pump irrigation. We had always depended on the water of the Platte River. Finally the farmer began to put down a few pumps; first one farmer proved he could do it, and then another, and today we have about 350 wells in Hall County. But there are perhaps a thousand more farms suitable for well-pump irrigation if the Government would give some assistance, in the form of long-time loans repaying nothing at all for the first 2 or 3 years. In that way I think you can make a rosebed of our State.

Mr. OSMERS. Is there an imple underground water supply?

Mr. RYAN. There is no question about that. And where we don't have we shouldn't try well-pump irrigation.

Mr. OSMERS. That is all I have, Mr. Curtis.

The CHAIRMAN. How about you, Mr. Arnold?

Mr. ARNOLD. I think Mr. Ryan has covered the subject very thoroughly.

The CHAIRMAN. I have a question or two. In connection with financial assistance on wells for pump irrigation, if the F. H. A. loan extended over a longer period than 3 years, it would help considerably, would it not?

Mr. RYAN. Yes; I think it would. If I am on a farm and I have been burned out year after year, and I hardly have enough to keep me on there, I don't have a $10 bill to put down for anything. I can't get credit, and I can't get a thing. This is where the strong arm of the Government comes in and helps farmers to get on their feet. I remember when Congressman Shallenberger said: "Never will my State ask for help." And I remember when the Congressman came back and almost had tears in his eyes because he had to go in and beg for help. We are not begging. We expect to pay back what we have been getting in the past years. We have done the best we could out here. We have given our all, and that is all we can give.

The CHAIRMAN. I agree with you, Mr. Ryan. You were here this morning and heard Dr. Creighton mention the aviation possibilities of this territory?

Mr. RYAN. Yes; I have a note on that.

AIRPORT FACILITIES

The CHAIRMAN. Your city has undergone quite a sacrifice for the expansion of aviation. Just what are your airport facilities?

Mr. RYAN. We have an airport a mile square as level as that table and 800 acres under option now. We are proud to have a 24-hour field, and Hastings sends its boys over to us to get night flying. We are on the transcontinental highway. We are one of the 19 scheduled points on it. Here is a peculiar thing showing how the Government, like the rest of us, is not infallible. They took a contract with our municipal field about 6 months ago for us to furnish 10,000 gallons of gasoline for bomber use. North Platte is 137 miles west. As compared with our 10,000 gallons, the new contract calls for 50,000 gallons with the option of increasing it by 50 percent. We have had 150 bombers in the last 8 months stopping on our field to gasoline up and take off. We do think that this is proof absolutely that we are peculiarly adapted for aviation. We have had 3 different schools during 3 different years, and we have not had any accidents or forced landings. We have a perfect record in our schools.

The CHAIRMAN. Judging from your own observation and what you read as to the experience of aviation elsewhere, you join with the other witnesses in the belief that the level country of the Great Plains, the clear atmosphere, and so forth, have a contribution to make to aviation that has not been developed by the Federal Government?

Mr. RYAN. I think it has been absolutely overlooked. I think we have a perfect set-up for a tactical school right here in the interior on most any of these fields. It isn't uncommon for your eastern transcontinental plane to stop at Grand Island if it cannot stop at Omaha on account of bad weather.

The CHAIRMAN. Just where the defense plants in this area are located is an important thing, even though they may be temporary. The better the land they take, the more human dislocation results: the more land owners and tenants and towns are handicapped.

Mr. RYAN. I think that is true.

The CHAIRMAN. What portion of Nebraska do you think can offer the same facilities for defense plants in the way of transportation, highways, railroads, power and so forth and at the same time offer submarginal land which will not be as costly for the Government and create as much human dislocation?

DEFENSE PLANT LOCATION

Mr. RYAN. We made a study of that and we found that Omaha and Lincoln each received a defense plant. One of them is called the Wahoo bomber plant. That added to our troubles. We thought that would be our finish, that these defense plants would take what was left of our younger people. We began then to appeal, even to Omaha and Lincoln, and we went to their defense committees and asked them to help us get some defense work to save us right here in the interior. After listening to our story they agreed that we should have some assistance. We said: "If it is logic for the first and second towns in population in Nebraska to get defense work, it is logic for the third and fourth and other towns also." With all those factors in mind we decided on a point between Hastings and Grand Island which is about as fine a spot as you can get anywhere.

Mr. ARNOLD. Mr. Ryan, you have been very much interested in going out into the rural areas and noting what they needed. Have you noticed anything that the Government programs have done that has helped the country here?

Mr. RYAN. Oh, yes. I think the farm program and the encouragement of small loans and of extended loans has kept a lot of livestock on the farms. The shelter bill has also been very helpful.

Mr. ARNOLD. What about the rehabilitation loans?

Mr. RYAN. They are a help, but they don't help the man who is down deep and sinking.

Mr. ARNOLD. Those rehabilitation loans restock a farm and put a farmer on his feet but when they raise crops the drought takes away the benefit.

Mr. RYAN. Yes. In central Nebraska counties in good years we average 22.9 bushels of corn to the acre. One year it was 1.9 bushels. Now we are at about 8. It doesn't even pay to crop it but the man is working 24 hours a day. He hasn't anything else to do.

Mr. ARNOLD. But in favorable seasons this farm program, if applied here as in other parts, would have been of immense benefit.

Mr. RYAN. Yes.

Mr. ARNOLD. Has W. P. A. helped some?

Mr. RYAN. Oh, yes. We would have starved to death if we didn't have the W. P. A. out here.

The CHAIRMAN. At this point I want the reporter to copy into the record an article appearing in the Omaha World Herald.

(The article referred to above is as follows:)

DEFENSE JOBS LURE HORDES TO CALIFORNIA [1]

GREAT PROBLEM SEEN AT CLOSE OF ARMS BOOM IN STATE

SAN FRANCISCO, CALIF., November 23 (U. P.).—As a result of the vast national-defense industries now located in the State, California is on the receiving end of the largest migration of job seekers in the history of the State.

As against an influx of 80,000 during the gold rush days of 1849, and the 65,746 who came seeking agricultural jobs in 1937, State employment officials estimate that 135,000 workers from the East have poured into the San Francisco Bay region, Los Angeles, and San Diego this year.

The workers are those who believe they have enough knowledge of some technical craft or trade to find a place in defense industries.

DUST BOWL STILL LEADS

Curiously, the great bulk of them come from Oklahoma, Arkansas, Texas, and other States of the Dust Bowl, which furnished most of the agricultural "Oakies and Arkies" of the 1937 migration.

So great is the present influx that State officials admit they have not been able to keep accurate figures.

Border stations have counted 85,452 persons "in need of manual employment" who drove automobiles into the State during the first 9 months of the year. They have, however, no check on those that have come by other means of transportation.

For the moment, State authorities are not worrying much about the influx, as the great bulk of the workers seem to get jobs, but they are worrying about what will happen when the emergency ends, and industry goes back on a normal peacetime basis.

IDLE RELIEF STILL HIGH

During the latter part of the 1939–41 biennium the State was still paying $77,000,000 annual unemployment relief—partly a hang-over from the 1937 agricultural migration.

California still has an unemployment problem of its own and there are many skilled workers residing in the State who still are idle.

Another problem, State officials point out, is that with the speeding up of the national-defense industries, new machinery is being constantly introduced that reduces the number of jobs, great as this may be at present.

On the brighter side of the ledger, however, no secret is made of the fact that the State is prospering by the defense program.

Finance officials are predicting that the State will go on a cash basis next July for the first time in a decade.

The CHAIRMAN. Our next witnesses are Mr. and Mrs. Marymee.

TESTIMONY OF MR. AND MRS. ELMER MARYMEE, BLADEN, NEBR.

The CHAIRMAN. Congressman Arnold will interrogate you.

Mr. ARNOLD. Will you give your name and address and occupation, for the record?

Mr. MARYMEE. Elmer Marymee, Bladen, Nebr., farmer, and this is Mrs. Marymee.

Mr. ARNOLD. How long have you lived in this section of the country?

Mr. MARYMEE. Well, sir, about 45 years or better, down near Bladen.

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[1] From Omaha World Herald, Monday, November 24, 1941.

Mr. ARNOLD. That is nearly all your life?

Mr. MARYMEE. Yes, sir. I am 49.

Mr. ARNOLD. How long have you lived at your present address?

Mr. MARYMEE. Since 1920. My folks lived there before that. I was practically raised there.

Mr. ARNOLD. Did you purchase the land on which you live or did the family have it before you?

Mr. MARYMEE. My father really bought it, but my father died in 1913, and I stayed with my mother and took charge until 1917. Then the farm was rented out for 3 years. There was a mortgage against the land which was foreclosed in 1937.

Mr. ARNOLD. How long have your family farmed this particular piece of land?

Mr. MARYMEE. I believe since 1909 or 1907.

Mr. ARNOLD. Do you now own the land?

Mr. MARYMEE. No, sir; rent.

Mr. ARNOLD. You never did own it yourself?

Mr. MARYMEE. No, sir.

Mr. ARNOLD. But you farmed it during the time your mother had it?

Mr. MARYMEE. Yes; I did.

Mrs. MARYMEE. We lived there ever since 1920. Mr. Marymee's mother moved to town in 1917. When I got married I moved there in 1920.

Mr. ARNOLD. Do you still live on that farm?

Mr. MARYMEE. Yes, sir.

Mr. ARNOLD. You pay rent?

Mr. MARYMEE. $40 a year cash rent.

Mr. ARNOLD. Any grain rent?

Mr. MARYMEE. A third.

Mr. ARNOLD. Have you always paid that rent in full for all the time you have rented it?

Mr. MARYMEE. No, sir. Only the first few years, when things were pretty prosperous. Since 1934 I couldn't pay for several years.

Mr. ARNOLD. They let you live there and you paid your grain and whatever small payment you could?

Mr. MARYMEE. Yes, sir.

Mr. ARNOLD. What was the principal cause of your losing crops?

Mr. MARYMEE. Drought.

Mr. ARNOLD. Can't your farm be irrigated?

Mr. MARYMEE. It probably could be irrigated, most of it, but the cost would be very high there. On a farm a mile and a quarter south of me the man who owned it put a deep irrigation well in, but the cost was so excessive that he had to quit. He died then and the farm was turned over to some of his heirs and they couldn't keep the place that way, so they sold the pump out of the well and farmed there without any irrigation.

Mr. ARNOLD. Have you ever had any assistance from the Government?

Mr. MARYMEE. Yes, sir.

Mr. ARNOLD. In what form?

Mr. MARYMEE. We didn't raise nothing in '34, sir, and I worked on the dams in F. E. R. A., and had help from the Resettlement and through Mr. Lindgren's office.

Mr. ARNOLD. You had a Farm Security loan?

Mr. MARYMEE. Yes, sir. I have now.

Mr. ARNOLD. To restock?

Mr. MARYMEE. But the first 2 years or 3 I didn't. I tried to get along but couldn't make it.

Mr. ARNOLD. You could have but for the drouth?

Mr. MARYMEE. I was pretty much in debt and the bottom went out of everything.

Mr. ARNOLD. Are you getting any assistance from the Government now, in any form?

Mr. MARYMEE. No, sir. We have had no grant since May. We are making it from our own cattle, chickens, and hogs. The Farm Security has lent us money to buy feed and provided grants during the winter for food and clothing, and hospital expenses. We couldn't have stayed but for their help.

Mr. ARNOLD. You have a pretty good crop this year?

Mr. MARYMEE. Yes, sir.

Mr. ARNOLD. Do you believe that out of the piece of land you are on, with good crops you will be able to pay off your Farm Security loan?

Mr. MARYMEE. Well, if I continue for several years, that is 2 or 3 years in succession, I could do that all right if the prices keep up, sir, but if they go down cheap again, it would be pretty hard to do that and keep my family.

Mr. ARNOLD. How many children do you have?

Mr. MARYMEE. Six, four at home. The oldest is 21, teaching school and starved his way through college, and the other boy is working in a defense plant in Denver. He is 20. The older boy at home is in junior high school. He is 15. The other is in the ninth grade. He is 14. The girl is 12 and she is in the eighth grade. The youngest is 8 and she is in the fourth grade.

CHILDREN LEAVE FARMS

Mr. ARNOLD. When did your oldest boy leave? You say he went through college through his own efforts?

Mr. MARYMEE. His own efforts and my help and the help of Resettlement.

Mr. ARNOLD. When did he leave?

Mr. MARYMEE. He graduated when he was 16 and he worked practically through his college. He scrubbed floors and did anything he could.

Mrs. MARYMEE. If it wasn't for a good friend at Kearney he would never have made it. One friend did his laundry all those years and never took a cent.

Mr. MARYMEE. He is principal of a school now.

Mr. ARNOLD. He didn't have any desire to stay on a farm?

Mr. MARYMEE. He could see the life, the way it looked, and he had a desire to get an education.

Mr. ARNOLD. Did your second boy leave for the same reason?

Mr. MARYMEE. No work in the country.

Mr. ARNOLD. When did he leave?

Mr. MARYMEE. In 1939.

Mr. ARNOLD. Two years ago?

Mr. MARYMEE. He got a little work in Denver and he had a job in a defense plant making defense products in Denver.

Mr. ARNOLD. Do you think he will ever return to farming?

Mr. MARYMEE. I doubt it very much, sir.

Mr. ARNOLD. Do you intend to keep your other boys on the farm?

Mr. MARYMEE. No, sir. If they can locate jobs I will let them go.

Mr. ARNOLD. They are 15 and 14?

Mr. MARYMEE. They will be 16 and 15.

Mr. ARNOLD. What, in your opinion, is the outlook for the small farmer?

Mr. MARYMEE. I just farm 160 acres, with horses and a few cows. I could keep my wife and I and one or two children with what income we have now, without any debts. But to keep children who are growing up, and the extra expense of high school, music lessons—I have a girl who wants to try to teach. We have to give her music lessons. All that costs money, and I can't see nothing ahead for the younger boys.

Mr. ARNOLD. Do you ever attempt to raise livestock during the period of poor crops?

Mr. MARYMEE. Yes, sir. My children herded them over the country whenever they could. We tried to keep milk cows, but we couldn't do it.

Mr. ARNOLD. Your experience wasn't very satisfactory with livestock during the times when you weren't raising crops?

Mr. MARYMEE. The Farm Security helped us what they could. I had gotten a $200 loan to give feed on. It would have taken $500 or $600 to feed them right.

Mr. ARNOLD. Would that have paid?

Mr. MARYMEE. No, it would not have paid to keep the livestock.

Mr. ARNOLD. Have you ever considered getting a defense job?

Mr. MARYMEE. If I could get a job I would go to work in the morning.

Mr. ARNOLD. Do you have any skill or occupation other than that of a farmer?

Mr. MARYMEE. I worked around machinery and tractors and I think I could soon catch on pretty easily.

Mr. ARNOLD. If you were able to get a job and save some money, would you put that into farming later?

Mr. MARYMEE. I don't know. I believe if I could get a job and draw wages, I would keep my family that way for a while. I would do the best I could.

Mr. ARNOLD. In other words, your experience on a farm that is not irrigated hasn't been satisfactory?

Mr. MARYMEE. No, sir. I just farm one-quarter and that doesn't give me much of an income. What I would like to have is a half-section of good land, 50 or 60 acres of pasture.

Mr. ARNOLD. Do you think you could stay out of debt?

Mr. MARYMEE. I believe I could if I were out of it in the first place,

Mr. ARNOLD. From your experience with your own family, what do you think has caused this migration from Nebraska during these drought years?

Mr. MARYMEE. I have studied that. My boy worked about a week to 10 days in the harvest fields. That runs from $2 to $3 a day. There has been no corn husking, except this fall, for several years. The rest of the time the boys have nothing to do.

Mr. ARNOLD. If your machine shops here could get defense contracts, or if a defense plant were set up in this area, your boys would as soon come here and work as go to Denver or California?

Mr. MARYMEE. I believe they'd rather be here with their friends and nearer home.

The CHAIRMAN. Mr. Marymee, you have been called because your case is representative of many others. We appreciate the opportunity to have your story for our record. We want to thank you for coming.

Mr. Will Maupin has been here since early morning, and he would like about 2 minutes. We shall hear him at this time. Mr. Maupin, will you give your name and address for the record?

TESTIMONY OF WILL MAUPIN, PUBLISHER, CLAY COUNTY SUN, CLAY COUNTY, NEBR.

Mr. MAUPIN. My name is Will Maupin. I am the editor and publisher of the Clay County Sun. We do all kinds of printing, bookbinding, rule work, exhibits, lithographing. We have a permanent weekly pay roll of seven, six of whom are paid every Saturday, and the other takes his chances. I come from a county that 15 years ago was the leading pure-breed cattle county in Nebraska. We have had 9 successive years of drought until this year, when we raised the first crop in 10 years, practically.

We used to have a great manufacturing industry in Clay Center. That has disappeared. It was an incubator factory, but the mail-order factories have put it out of business.

We are not so much interested in getting defense industry, although we have the location, buildings, and some production tools. The salvation of our particular section of the country lies in giving our farmers long-time loans for well-irrigation. If you will give us the well-irrigation and time enough to pay for it out of crop production, all these other sections can have all the subcontracting industry they please. That is all we want.

I will be pleased to answer any questions which the committee might care to ask me.

Mr. OSMERS. What does an average well cost?

Mr. MAUPIN. The man who digs the wells could answer that better than I can. This is the proposition he makes to our farmers: If the farmer will put up $50 for a test well to prove that water is available, he will put in the well and pump and everything except the contouring of the land for $3,000, and the $50 paid for the test well is included in the estimate. He will take his first down payment out of the first crop raised under irrigation. But the farmer must have some means of carrying on in the meantime. A well will cost between $2,700 and $3,000 in my section of the country and they can irrigate from 40 to 60 acres from a 1,300-gallon well.

Mr. SPARKMAN. How much will it cost to contour your land?

Mr. MAUPIN. It costs very little because our land is very level, with a slight slope toward the Little Blue River.

The CHAIRMAN. I notice by the map that Mr. Ryan submitted[1] that Clay County had a loss of 23 percent of its population.

[1] See p. 8304.

Mr. MAUPIN. Yes, sir.

The CHAIRMAN. Thank you very much, Mr. Maupin. Our next witness is Mr. Thomas.

TESTIMONY OF LLOYD C. THOMAS, VICE PRESIDENT, CENTRAL NEBRASKA DEFENSE COUNCIL, KEARNEY, NEBR.

The CHAIRMAN. Mr. Thomas, will you please give your name, address, and occupation?

Mr. THOMAS. Lloyd C. Thomas, Kearney, Nebr.; president of the Nebraska Development Association and vice president of the Central Nebraska Defense Council.

Mr. SPARKMAN. Mr. Thomas, a while ago we were given copies of your prepared statement. I have read it carefully, and of course the statement will be placed in its entirety in the record.

(The statement referred to above is as follows:)

STATEMENT BY LLOYD C. THOMAS, VICE PRESIDENT, CENTRAL NEBRASKA DEFENSE COUNCIL, KEARNEY, NEBR.

MOVEMENT OF PEOPLE

1. HISTORY OF CHANGING ECONOMY

(a) I was born in Elwood, county seat of Gosper County, in southwestern Nebraska, over 52 years ago. From the time of my first recollections, I can remember that this area was thickly populated as a farm area, most of those residing on the farms being homesteaders, as was my father and grandfather, the average farm size being from 160 to 320 acres.

Living conditions were more or less primitive at that time, most of the homes and farm buildings being of sod, and the food consumed being largely raised on the farms. Fuel for heating and cooking was limited, and I can remember my daily chore of gathering "buffalochips" in the pastures for fuel. Such food items as sugar were luxuries and only enjoyed at rare intervals.

I can remember the drought of 1893, even though only a small boy at the time. Food was scarce and clothing even more scarce. But at that time and under those conditions, there was not the benefit of Government, State, or county relief, insofar as I can remember. More prosperous areas in the East and Middle West, such as Ohio, Indiana, and Illinois, were helpful by sending carloads of foods and clothing (mostly cast-off clothing), which were distributed by ministers and other public-spirited citizens. My father was a minister and distributed much to needy people.

It was quite true that many homesteaders "proved up" on their claims and migrated to other States. However—and it may have been because of my youth—I was not conscious of the migration from the country that we have been experiencing in this part of Nebraska during recent years.

As the figures show, there has been a drastic migration from central and southern Nebraska during the past 8 to 10 years. The vacant farm buildings show this clearly. In my opinion, the long and continued drought has been largely responsible for this migration, up to the last year. It has been accelerated during the last year by the opportunities for employment at high wages in defense plants in other sections of the United States.

(b) Naturally, the migration of farmers from the area has had its effect on the villages and towns throughout the area. This is strongly evidenced by the vacant stores and office buildings in these towns and villages.

2. DURING DEPRESSION AND DROUGHT

(*a*) All classes of industry in the area have suffered during this period of drought and migration. Those who have migrated have been lost as customers; those who have remained have had much less to spend—many of them being reduced to the purchase of the bare necessities of life—and less of them.

This disastrous effect has been apparent on particularly the small retailer, the independent with limited capital and resources, much more than on the chain store with more capital and resources. It has shown its effect on the wholesale houses of the area, most of whom supply the independent retailer with his goods. It has also shown its effect on the manufacturers of the area, most of whom make goods and produce products to be sold and consumed in the area.

(*b*) Retail business, particularly the independent, as stated above, has suffered greatly, and a large percentage of retailers have been forced to go out of business and migrate elsewhere. The depression has not been felt in only one or two lines of business but in all lines—in the oil and gas business, the barber shop, the hardware, the bank, the harness business, the implement business, and all others.

(*c*) Farm failures and foreclosures have been numerous and widespread, as the figures will show. Not so many in the early years of the drought as during the latter years, as it was but natural that the farmer and landowner held on just as long as they could possibly do so, until forced out by foreclosure or lack of food to eat.

3. UNDER THE DEFENSE PROGRAM

(*a*) There is a great economic opportunity under the defense program for the rehabilitation of the area—providing our small plants and factories can secure subcontracts for the making of defense materials, and providing a defense plant that will employ several thousand people can be located in the area.

The effect of this would be to provide labor and employment for the employees of the small factories that are shutting down because of lack of materials for peacetime-products production, and because a defense plant would provide employment for those who are gradually but surely migrating to the areas that have been provided with defense plants.

(*b*) There are 1,060 plants and factories in the State of Nebraska. A considerable portion of these are located in this area. Some of the smaller towns have only 1 plant, but that plant is the backbone of employment for the town. Because of their inability to secure the necessary materials for the making of peacetime products, and because they have mostly been unable to secure subcontracts for the making of defense materials, they have either shut down or are shutting down at a rapid rate, throwing their employees out of work and driving their owners out of business.

4. REMEDIES FOR THE SITUATION

(a) The permanent, definite cure for crop failure due to drought is irrigation. Approximately 500,000 acres of land are under irrigation (or soon to come under irrigation) from the streams and storage reservoirs in central, southern, and western Nebraska at the present time. This territory includes the Loup Valley districts, the Platte Valley, and the Tri-County area south of the Platte. Additional lands cannot be brought under irrigation from this source of water supply, due to the fact that all of the available water is now used for this acreage.

(b) There is available, however, an almost unlimited supply of water for irrigation purposes in the underground reservoirs that cover most of this area and a considerable portion of the State. We are told that there is 500,000,000 acre-feet of water in storage under lands that are suitable for irrigation and farming. Enough water to cover the State of Nebraska to a depth of 20 feet if drawn to the surface.

Pump irrigation has proven itself successful at depths to water of up to 150 feet or more. In fact there are wells in Box Butte County, in the panhandle of Nebraska, ranging up to 452 feet for the deepest irrigation well. I would say that there is a million or more acres with underground water supplies at reasonable depths in this area that could be profitably farmed with pump irrigation.

Most of the farmers who own and farm this land are anxious to secure pump irrigation, but lack the funds with which to drill and equip their wells. Financing is limited and money can only be secured for the purpose on a short-time basis—not over 3 years. If the Government would provide the funds on a long-time basis, at low interest rates, to be repaid out of crop returns, this million acres or more could be brought under irrigation in a comparatively short time.

This help in putting these lands under irrigation would mean that not only would the farmer still existing and holding on to his farm be made permanent and prosperous, but the size of the farms would decrease—and instead of 320 acres or

more per farm, the size would decrease to probably 80 acres, providing 4 farm homes where there now is 1.

The Republican River Valley storage project would bring under river irrigation many thousands of acres of fertile lands in southern Nebraska, and there is water available in that river for irrigation purposes.

(c) The small factory and machine plant could survive or be revived if subcontracts for the making of defense materials could be provided them—at the present time it is a difficult task to get such orders and many of the small plants throw up their hands when they find that they face such a mass of red tape and detail and the problem of financing their operations.

Most of these plants make products intended for use in agricultural activities. They should be given effective priorities for the comparatively small amount of materials they require to make the products needed—such as irrigation-well equipment, etc.

(d) I am of the opinion that the defense plant employing several thousand people, such as a small-arms plant, would stop migration from the area to other points where such plants are in operation, if the same was established and built and put into operation soon at a central point in the area. Labor that has migrated to other localities would soon start to return to its home, if work was provided by such a plant.

Proposals and site surveys for such a plant or plants have been submitted by the Nebraska Development Association and the Central Nebraska Defense Council.

(e) For permanent recovery and stabilized conditions in the area it is going to be necessary to secure factories and plants in the area that will make use of the agricultural products and surpluses of such products.

These plants could be in the nature of beet-sugar factories, industrial-alcohol plants, canning factories, poultry and egg processing plants, plastic plants, and others of a nature that will provide a permanent and profitable market and outlet for the agricultural output that will come with irrigation. At the present time there is great need of such industries and plants in this area, and Government help and aid is needed in establishing, to the end that migration from the area may be stopped, and for the prosperity and betterment of those who have remained.

The Government agricultural program has been of much aid and help to the farming business in the area. Without it the area would be in much worse shape than it is today. It should be continued. However, you cannot get loans on crops if you don't grow the crops; the laborer and farmer cannot live if he does not have an income sufficient to maintain him and his family; the storekeeper and merchant cannot stay in business if his customers have no money with which to patronize him and buy his goods.

TESTIMONY OF LLOYD C. THOMAS—Resumed

Mr. SPARKMAN. I notice that much of the information that you bring out in your paper, particularly that part relating to production, was covered by the panel of Hastings businessmen this morning, and your statement and theirs are not in conflict. Let me ask you about your own locality. What is happening to Kearney under the defense program?

Mr. THOMAS. The city itself?

Mr. SPARKMAN. And the surrounding territory.

Mr. THOMAS. Kearney is the county seat of Buffalo County. I cannot give you the exact number of factories and plants in the city of Kearney, but the number is small—probably 7 or 8, not over 10, of different sizes. None of those plants up to date has received any defense orders or subcontracts. One plant, a machine shop, quite modern and in a new building, lost 5 employees out of 7 at the end of 1 week recently. Those employees all left in a body to work in some defense plant in Washington or Oregon. That is a typical example. Up to date no defense orders or subcontracts have been secured by any of the plants, although we had hoped for them.

Mr. SPARKMAN. Would you say that this moving away of people is offset by an influx from any other section?

Mr. THOMAS. Not to date; no. There has been a net loss in population and workers.

Mr. SPARKMAN. What occupations were the hardest hit?

Mr. THOMAS. In the city of Kearney I would say that the plants such as this machine shop that I mentioned have been the hardest hit. Practically all lines of business have been hit, however.

Mr. SPARKMAN. Has the civil service drawn away many workers?

Mr. THOMAS. There is a certain amount of migration on account of that all the time.

Mr. SPARKMAN. Has it been speeded up during the defense program?

Mr. THOMAS. Considerably; yes.

Mr. SPARKMAN. Someone testifying before us this morning—I believe it was in that same panel of businessmen—brought out the fact that in recent years there had been a movement of people away from the farms because of depressed conditions, and the effects of that movement had been accentuated by the movement of these young people, mechanics going to defense industries, boys and girls taking civil-service jobs. I presume that condition prevails in your county as well.

Mr. THOMAS. Decidedly so. Of course, the drought in the nonirrigated sections has been a factor responsible for a great deal of it.

ORGANIZATION OF CENTRAL NEBRASKA DEFENSE COUNCIL

Mr. SPARKMAN. To what degree has the Central Nebraska Defense Council been organized, and what has it been doing?

Mr. THOMAS. This council has representatives from the Chambers of Commerce of Kearney, Grand Island, and Hastings. The purpose of its organization was to consolidate the effort of these three cities in securing, first, a defense plant or plants for this area, and second, contracts and subcontracts for the plants and factories now in this area.

Mr. SPARKMAN. In seeking these defense plants, have you kept in mind the fact that if they came in they would most likely be temporary?

Mr. THOMAS. Yes.

Mr. SPARKMAN. And have you thought about the possibilities after this program is over?

Mr. THOMAS. Quite keenly; but in the meantime we have been seeking something that will stop the present migration away from our territory and toward other parts of the country.

Mr. SPARKMAN. Then you recognize the benefits of stabilization, of holding the people here, while the program is being stepped up in other parts of the country.

Mr. THOMAS. We look at the defense industry as a stop-gap, if you want to call it that, possibly for 2, 3, or 4, or 5 years. In the meantime we can get development along the line of pump irrigation and storage reservoirs, and also can get into this part of Nebraska plants that might be called chemurgic plants, utilizing the excess of agricultural products and also utilizing agricultural products which today don't find a market.

The CHAIRMAN. Mr. Thomas, did you hear Mr. Glantz's testimony?

Mr. THOMAS. I heard a portion of it.

The CHAIRMAN. Under the present set-up, small manufacturing plants in Nebraska have not got defense contracts, and many of them have spent considerable of their time and money in efforts to get such contracts.

Mr. THOMAS. Our Nebraska Development Association has been endeavoring to get contracts and subcontracts for these plants.

The CHAIRMAN. In Mr. Glantz's testimony, and in the panel this morning, several suggestions were made, but I have two particularly in mind. One is that the time allowed for getting bids in is too short for these plants in the interior of our country. Is that true?

Mr. THOMAS. Entirely so. It is impossible for one of our plants with its ordinarily small organization even to digest the particulars, or to get the blueprints and other specifications in time to wire a bid on many jobs.

The CHAIRMAN. And do you think that it would be in the interest of national defense if production engineers were made available on the part of the Government to work out what a given plant or a given territory can best do, and negotiate contracts with these plants, even though it may cost a little more to do so?

Mr. THOMAS. First, I would say decidedly so. Second, we are told by the Army that we have 1,060 plants of all sizes and kinds in Nebraska, and I don't think over 60 of those have received orders. Now, I think 99 percent are anxious to get that business. First, I believe detailed surveys ought to be made by Government representatives, so that they will know just what this plant and that plant can do, and the plants should be given the help necessary in ascertaining whether they can handle the particular jobs that are pointed toward them; second, they should be given assistance in securing the financial backing that is necessary; and third, priority orders should be assured to them. A considerable portion of these 1,060 plants and factories in Nebraska, while they are small individually, in the aggregate could turn out a lot of defense material. One good example is the wonderful machine shop of Mr. Glantz in Minden.

The CHAIRMAN. What is your opinion of the irrigation that is being undertaken in the territory?

TYPES OF IRRIGATION

Mr. THOMAS. I don't think we have to worry about the farms that are irrigated from storage reservoirs or rivers, because of the fact that the tri-county project, the big irrigation and power project, has experts who are helping the farmer to handle irrigation in the proper way. But I believe it is going to be necessary for the Government, through county agricultural agents, to help other farmers as they get their pump irrigation plants.

In the shallow-water districts it is possible to put in an irrigation well for as low as $600, and I have been told the Rural Electrification Administration is putting in and selling wells on 5-year terms for as low as $600 and up. That is for shallow wells, of course.

But it is possible to irrigate from wells that run to 150 feet or more in depth, and although that costs more money it is being done. It costs $3,000 a well to do that.

I think the biggest thing that can be done for this country, outside of temporary employment in defense plants in the area, is to assist these dry-land farmers to get pump irrigation through long-time financing.

The CHAIRMAN. Do you concur with the other witnesses in the belief that the armed services have not fully explored the possibilities of this area for various aviation activity and training schools?

Mr. THOMAS. Congressman Curtis, I was in Washington either last April or May, and at that time we talked with officials in various

Government departments regarding training schools for aviators in this area. I was told that no training schools were to be put north of a certain degree of latitude because of weather conditions. I countered with the argument that if they came to fighting, they might be fighting in bad-weather localities and even in this part of the country. If that were true, because of the facilities we have and the comparatively level country, it should be a logical point for development of different branches of the air services.

The CHAIRMAN. Foggy weather is almost unknown here, and various training schools that the colleges have had have been carried on all winter.

Mr. THOMAS. Yes; there has been no loss of time in conducting those training schools, I understand.

The CHAIRMAN. Thank you very much, Mr. Thomas. We will now hear from the Nebraska School of Agriculture.

TESTIMONY OF H. K. DOUTHIT, SUPERINTENDENT, NEBRASKA SCHOOL OF AGRICULTURE, CURTIS, NEBR.

The CHAIRMAN. Will you give your name and address?

Mr. DOUTHIT. H. K. Douthit, superintendent of the Nebraska School of Agriculture, Curtis, Nebr.

The CHAIRMAN. We have arranged an inspection trip, and I think the cars are scheduled to leave here at 3:30. We may therefore have to limit testimony somewhat to finish in time. Mr. Douthit, your paper will be entered as a part of the record.

(The paper referred to is as follows:)

STATEMENT BY H. K. DOUTHIT, SUPERINTENDENT, NEBRASKA SCHOOL OF AGRICULTURE, CURTIS, NEBR.

EFFECT OF MIGRATION ON THE AGRICULTURAL FUTURE OF SOUTHWESTERN NEBRASKA

There are several factors that have caused many people to leave the farms and towns in southwestern Nebraska. These factors have affected and will affect further the agricultural stability of this region to a serious point if steps are not taken to counteract this detrimental downward trend.

One of the main factors bringing this about has been the series of drought years experienced during the past eight seasons. Farmers who were trying to establish themselves on farms with limited capital were forced to leave when each succeeding year they produced very few farm commodities necessary for carrying on their farm operations. When their reserves were gone and they had exhausted all of their available credit, there was no other alternative for them but to migrate to sections where they would have a better chance to feed, clothe, and educate their families in keeping with the average American standard.

Migration due to this cause has been somewhat halted during the past year as a result of a fairly good crop season. Another migratory movement, however, has to some extent replaced the one caused by the drought years. This has been the migration of young single people from the farms and ranches to the armed forces or to various types of industrial factories associated with the national-defense program. Some of these people, young men in particular, have gone into these lines of endeavor at wages far above those open to them as hired farm hands or as beginning farm operators.

The combination of these two migratory causes has placed the farming business in this area on a precarious basis. It means that the farms in this southwestern area, and possibly in other comparable rural sections, are being operated by comparatively older people. This implies that as time goes on they will be able to do much less work. When farms are vacated for one reason or another, they are not being taken by what would be in other times a normal influx of young people.

In fact, in making a hasty survey in Frontier County it was found that very few newly married couples have started up in the business of farming during the last decade. What happens is that these unoccupied farms fall into the hands of insurance companies and large landowners and often are being farmed by neighbors who are men ranging between 50 and 70 years of age.

In a conference with students who are in attendance at the Nebraska School of Agriculture, the following reasons were given why young people were not planning to return to the farms as actual farm operators:

1. *Farming in southwestern Nebraska has no security.*—They calculated this way: If Bill Smith, who has spent his life in trying to make a success of farming, could not make a go of it, how could they expect to be successful? Above all, young people want to be successful and they hesitate to launch into an enterprise that gives them few chances to succeed.

2. *The standard of living on the farms is too low.*—They want to work where they can have a modern home with a reasonable number of conveniences enjoyed by the average American.

3. *There is no way to get started.*—They lack funds for a down payment. All they have is youth, enthusiasm, and a will to win; but apparently, they say, this is not the right kind of collateral required.

Consequently, they come to the conclusion there is nothing else for them to do but to leave the farms and seek employment elsewhere. When these young people become established in another occupation, they seldom, if ever, return to the work they knew the most about originally.

With these facts before us, we should try to visualize what effect this trend will have upon the productivity of the land in this area during the immediate years ahead. When one observes that in Frontier County during the last 10 years the population as a whole has decreased 20 percent, while the rural school enrollment has dropped 50 percent, it is apparent that in time the scarcity of children on the farms will bring our farm operations to a near standstill. One of the likely reasons for fewer children being born on farms is that there have been very few young couples starting up as farm operators during the last 15-year period.

The solution for the problem then revolves around an attempt to get young people interested in becoming operating tillers of the soil. In order to do this successfully, some system making available long-time credit to these young people, even though they have no liquid assets but have youth, proper training, and character should be worked out. Old, tumbled-down farm buildings must give way to modern farm homes which are comparable to those found in the cities, and which oftentimes attract young farm people from their natural habitat.

Rural youth wishing to avail themselves of these up-to-date, attractive farm lay-outs should undergo intensive training in how to make the most of farm operations within their chosen area. Naturally, in some sections certain farming methods or types of farming are more advisable than in others. For example, the production of turkeys in southwestern Nebraska should prove advantageous because of the ideal climatic conditions. It is just as necessary to give intensive training to a boy to operate a $10,000 farm successfully as it is to give training to a boy to operate effectively a $1,000 lathe in a bomber factory.

One of the difficulties often mentioned in connection with agricultural training through 4–H Club work, training through Smith-Hughes agricultural courses, and in connection with the Nebraska School of Agriculture is that students are being trained to do a type of agricultural work in which they cannot get started for themselves because of insufficient financing facilities. There is unquestionably a great waste in this practice. A boy who trains to become a dentist almost invariably before he graduates has made arrangements to set himself up in a dentist's office. The gap between the training and getting started in the business of farming for which the student has been trained has had very little bridging. Consequently, our farms are not being repopulated with enough young people to perpetuate a farming population that will continue to carry on the production of food sufficiently to meet the national-defense demands and the demands that are bound to come when the post-war period is reached.

The conclusions and recommendations therefore are to repopulate our farms with young people by:

1. Continuing to and amplifying the education of rural young people through various agricultural types of education such as 4–H Clubs, Smith-Hughes agricultural school departments, adding more vocational courses in smaller high schools, increasing attendance in agricultural schools and colleges so those youth who engage in farming will follow the most approved and profitable methods.

2. Setting up some kind of a long-time loan system for youth who have no assets other than their probability of 40 or 50 years of active life ahead.

3. Raising the standard of living on farms by building attractive farm homes and buildings in which modern conveniences including electricity are available.

4. Instituting a system that will comfortably tide the beginning farm operators over adverse years caused by drought, etc., thus providing them with the security that the average young person seeks in the city.

It therefore seems apparent that such a program is the only way the rapid decay of our rural schools, the small-town businesses that maintain our high schools, and churches will be stopped. Surely the decline cannot continue indefinitely without undermining our whole agricultural system. Since agriculture is basic to our very existence, it must be maintained on a high level at all costs. Many other countries where agriculture was allowed to decay and deteriorate into a peasant type have crumbled. The American people surely cannot afford to sit idly by and see this condition exist here especially in this day of enlightenment and ability to plan wisely.

If some influential group with power to act does not take note of this downward trend and take steps to correct it, most assuredly in 15 or 20 years these rural sections will be producing far under their potential capabilities to the detriment of our national welfare.

TESTIMONY OF H. K. DOUTHIT—Resumed

The CHAIRMAN. When was the Nebraska School of Agriculture established?

Mr. DOUTHIT. It was established by the State legislature in 1911 and started in 1913.

The CHAIRMAN. I wish you would describe this school, its organization, the scope of its instruction, and the nature of its student body.

Mr. DOUTHIT. The Nebraska School of Agriculture is a division of the University of Nebraska, serving the farm boys and girls in southwestern Nebraska. It was established as a sort of political football at that time. The Democrats were out and wanted in, and they told the people out there if they passed this act they promised to establish a school in that section in case they got in. They got in, and they had to make good their promise. They established the Nebraska School of Agriculture.

At that time several schools over the country were established in that way. A little later on, the Smith-Hughes Act made it possible to take agricultural education into various high schools. There were very few other schools established after that, and many of them that had been established died a natural death.

The Nebraska School of Agriculture, through one way or another, managed to keep alive during this particular time. We have a student body of 400 boys and girls from 29 Nebraska counties. The boys receive agricultural training and the girls get home-economics training and theory, so that they can go back to the farms and practice the things they have learned. However, that hasn't been the case with all of them.

The CHAIRMAN. How many former students do you have?

Mr. DOUTHIT. We have about a thousand graduates.

The CHAIRMAN. Do you know about how many of those are actually in farming now?

Mr. DOUTHIT. I judge about 20 percent of the entire number are actually farm operators.

The CHAIRMAN. Of course, this thousand includes the girls.

Mr. DOUTHIT. That is right.

The CHAIRMAN. By 20 percent you just mean the heads of households, do you not?

Mr. DOUTHIT. Some of them may be working with dad or with their neighbors.

The CHAIRMAN. Of these thousand graduates, how many are women?

Mr. DOUTHIT. Our enrollment usually runs 60 percent men and 40 percent girls.

The CHAIRMAN. So out of 600 men graduates you have at least 200 who are farm operators themselves.

Mr. DOUTHIT. I would say about that.

The CHAIRMAN. And how many are on the farm?

Mr. DOUTHIT. Many are working in allied lines of agriculture—feed companies, hatcheries, and places of that type. I judge that probably 10 percent are working for somebody else.

The CHAIRMAN. How does that compare to the College of Agriculture at Lincoln?

Mr. DOUTHIT. I think the proportion is quite a little higher than that of the College of Agriculture. I haven't any figures. Very, very seldom do you find graduates of the College of Agriculture going back to the farm as operators. I wish more of our students did that.

The CHAIRMAN. One out of every three of your boys becomes an actual operator?

Mr. DOUTHIT. Approximately. I would have to check, but I judge somewhere about that.

Mr. SPARKMAN. What about your county agents?

Mr. DOUTHIT. Home-extension operation agents are college graduates. Our students are of the high-school level. They come to our schools out of the eighth grade. There are no college students whatever. The theory is that they are not qualified to do these other types of work and will go back to the farms as operators. As I have set forth, there are reasons why they haven't gone back.

VOCATIONAL TRAINING

The CHAIRMAN. What do you offer in the way of shop work?

Mr. DOUTHIT. We have a very detailed group of courses in mechanical work, woodworking, and that sort of thing, and the youngsters have utilized those skills in other ways, by going into defense industries and working their way up in the armed forces. They have capitalized on the work that is given, but probably not directly in connection with agriculture.

The CHAIRMAN. I was interested in an illustration from your school of the way you use material for repair purposes in teaching the boys. For example, when you need a small piece of tin, where do you get it?

Mr. DOUTHIT. We feed about 175 boys and girls 3 times a day, and we buy the canned goods in No. 10 cans, and usually utilize all the tin from those cans in our tin shop.

The CHAIRMAN. In other words, you create problems calling for the same sort of ingenuity and resourcefulness that they will have to show in working on the farm?

Mr. DOUTHIT. That is true. I think we do a fine job in training the youngster, but we go just so far and then strike a stone wall. The youngster has no way to get started in the business of farming. I brought that out in my report. These boys have invariably told me that they were interested in farms and ranches, and they would like to go out and put in practice the things they had learned, but they came up against the fact that they had no collateral, no down payment. There was no way for them to get started, and so there wasn't anything for them to do but to turn to other types of employment. That is why a lot of these youngsters have not gone back to the farms.

There are other reasons, too, as I see it. One of them is that farming in our section hasn't shown any degree of security. During the 8 or 9 years that they have been growing up, those boys who are now 17 years of age haven't known a good crop condition. Their parents have drilled them to go and get an education so they would not have to go through that themselves. In an institution such as we have, we have tried to upset that viewpoint, but the obstacles in the way of getting started have been too large. That is a serious situation.

The CHAIRMAN. Do you have any suggestion to make on how a farm-financing plan might be worked out to fit the need of this particular group you are talking about, your graduates?

Mr. DOUTHIT. I have a very definite view on that. We have had a drop of 20 percent in school enrollment in our county as a whole, but we have had a drop in the rural-school enrollment in our county of 50 percent. That means that in our county we have 825 farm families and only 303 of them have children of school age. I am thinking ahead, not just of the present. If that trend continues, and we have fewer and fewer youngsters on those farms, what is going to be the situation in 15 or 20 years out there in southwestern Nebraska? We are not going out to get people without any farm experience, and expect to bring them here. We will have to depend on repopulating our section with younger people. The people who are out there are older people, and as time goes on they are going to do less and less work. My theory is that we must repopulate our rural communities with young, married, vigorous, enthusiastic, ambitious people.

REPOPULATION OF FARMS

You may ask how that is to be done. I have talked to a good many of those boys and I have asked them that very thing, and they have said, "Give us the standard of living that people enjoy in the cities, and give us a degree of security out on those farms and figure out a long-time loan system so that we can pay back over a period of 30 or 40 years, and we will go back to the farm and we will do a good job of farming because we have the training and youth and enthusiasm to do the job." I know that it so.

Mr. ARNOLD. Do you have improved roads in your section?

Mr. DOUTHIT. Very definitely. Most of them are gravel, and even the farm-to-market roads are fairly well improved.

Mr. ARNOLD. We find that is a factor in keeping the youngsters on the farms. You can't put them in the mud.

The CHAIRMAN. We don't have mud.

Mr. DOUTHIT. They won't live in a tumble-down shack 30 or 40 years old when they can go into the cities and get modern bungalows with all conveniences. In this whole section you won't find a single new bungalow like the ones in Hastings, Grand Island, or Kearney. These young people will not go out under those conditions.

The CHAIRMAN. You made reference to a plan by which they could successfully buy a farm over a long period of time. Do you care to elaborate on that?

Mr. DOUTHIT. There are several factors that would enter into such a plan. I think the education of the youngster is a vital factor. If he has the proper training, and has 40 years ahead of him, even though he has not secured collateral to put down on a farm—livestock, machinery, and things of that kind—it looks to me as if that young man would be a better bet than a man who is 50 or 55 years of age and has some collateral to put down on the farm. Even though you may say you are harnessing the young man with a long-time debt, he has 40 years to live, and if he lives comfortably on that farm for that length of time, and accumulates his farm and other possessions by the end of that time, that is about all that any of us ever get out of life, and more than a lot of people get.

The CHAIRMAN. From the standpoint of this group of young farmers just starting out, have land prices been too high, do you think?

Mr. DOUTHIT. No; I don't think so. I think we have been thinking too much of making a profit over a 5- or 10-year period, whereas the lifetime of a farmer extends over 40 years. I can't see that it is such a serious matter if a farmer should lose money over a few years. But if you put it on a long-time basis, say, 30 or 40 years, it should pay. If it can't, we had better take this whole southwest area and let the Government have it for a bombing-practice area. Most people have faith in their projects over a long period of time, and that is the basis upon which I think it should be placed.

The CHAIRMAN. Have you noticed any direct changes or effects of the defense program on your school?

SCHOOL NOT AFFECTED BY DEFENSE PROGRAM

Mr. DOUTHIT. No; I can't see that it has affected our school in any way. We have lost no large number of students due to defense. We have lost more of them to the armed forces than we have to defense industries.

I am thinking about these boys when they come back from the armed forces. What are we going to do with them then? Are they going to be given a chance to set up in the business of farming, even though they have no collateral? Or are we just going to let them shift for themselves or go into the cities?

The CHAIRMAN. Do you find that there is any connection between the decline in population and the quality and type of educational facilities available to students before they come to you?

Mr. DOUTHIT. The students who come to us come out of rural communities, and in a lot of those districts there are only one or two or three youngsters in a rural school. Naturally those districts have not been willing to pay their teachers a very high salary. Also possibly because of the lack of competition, these youngsters have not had an opportunity that they would have had in larger schools.

The CHAIRMAN. Your students are a little older than the usual high-school students, are they not?

Mr. DOUTHIT. No, sir. I think they are just exactly the same age as the youngsters in ordinary high school. They come to us after they have completed the eighth grade.

The CHAIRMAN. Then the boys you have lost to the armed forces apparently have been boys who have enlisted. Your student body does not run to 21 years of age, where they would be in the draft.

Mr. DOUTHIT. We graduate them at 18.

The CHAIRMAN. Is there anything further that you would like to say in connection with the future of agriculture in Nebraska?

Mr. DOUTHIT. I think if you will look up the record you will find that there is a bill in Congress at the present time to appropriate money for the furtherance of 4–H Club work and to take care of the rural youth of our country, that being the group who have finished 4–H Club work and the Smith-Hughes Schools, and are more or less drifting out there on the farms as farm hands.

I think there should definitely be some kind of program that has for its purpose the starting of these young people in the business of farming, and I believe, with the proper knowledge and enthusiasm, that those young people can make a go of it out in this section if given plenty of time.

The CHAIRMAN. If your farmer-students have been fortunate enough to become farm operators, are they usually successful?

Mr. DOUTHIT. Yes. Those who have had the assistance of a father or a relative have been very successful, particularly those who have clung to well-balanced programs following livestock production lines, and are keeping up their pastures and producing forage crops. But we have lost a good many of them who would have made mighty fine farmers if they had had financial assistance of some sort to get started.

The CHAIRMAN. And when they leave the farm and become a part of the labor supply, even if they get jobs they will sooner or later add to the total number of unemployed, will they not?

Mr. DOUTHIT. Yes. And very few of them ever come back if they can keep from it, once they get a taste of city life.

The CHAIRMAN. Thank you very much.

Our next witness is Dr. Schroeder.

TESTIMONY OF DR. MARTIN SCHROEDER, AMERICAN MISSIONS, LINCOLN, NEBR.

The CHAIRMAN. Will you please give your name and address?

Dr. SCHROEDER. Martin Schroeder, Lincoln, Nebr.

The CHAIRMAN. What is your work or profession?

Dr. SCHROEDER. I am rural work representative of the Board of American Missions of the United Lutheran Churches in America.

The CHAIRMAN. You are a minister?

Dr. SCHROEDER. Yes; I am.

The CHAIRMAN. How long have you been in the ministry?

Dr. SCHROEDER. Twenty-four years.

The CHAIRMAN. How long in Nebraska?

Dr. SCHROEDER. The same time.

The CHAIRMAN. We understand, Dr. Schroeder, that you have recently made various studies concerning the condition of the rural churches. Will you tell us about those studies and about any action that has been taken as a result of them?

Dr. SCHROEDER. In a general way, recent developments have aggravated a situation which has been in existence for the last 30 years—that is, the downward trend of our population. It became worse in the days of the post-war period, and still worse during the drought years. Now it is really a fourth phase we are facing, with the defense

developments. The depopulation of the country that has been taking place since 1917 has been increasing right along, and has now come to a point where it looks like a disaster for the country. We have observed that many absentee landowners like to see their workers without children of grade-school age.

ABSENTEE LANDOWNERS

The CHAIRMAN. Why is that?

Dr. SCHROEDER. It seems that, when there are no children of school age, there is no need for a teacher or a school; and, when there is no school in the district, taxes are smaller, and less taxes the more profit. The absentee landowner is not in business for anybody's health. He wants to get profit. What we heard just a little while ago—that 825 farm families had only 303 children—is just a confirmation of that which we have been observing.

Now, there is, of course, this shortage of farm labor, but there is a worse shortage in regard to a church supply. There are very few ministers available, and what is still worse, perhaps, is that these districts do not have enough local physicians. The medical care in about one-half of Nebraska is not what it ought to be.

The CHAIRMAN. Is that a constant condition, or has it been created by the need for doctors in the Army?

Dr. SCHROEDER. The tendency has been aggravated by the defense program, but it has been observed before that. I have gone back as far as 1906, at which time doctors were already gravitating toward the cities. Forty percent of the physicians of Nebraska are in Omaha and Lincoln, but these cities have only 25 percent of the population. And that 40 percent are mainly the younger physicians. There are five counties where there are no physicians whatever. There are certain districts where people have to travel 150 miles for medical aid. That is up in the northwestern district, east of the Scottsbluff area.

The CHAIRMAN. In the cattle area, where there are no towns and no railroads?

Dr. SCHROEDER. Where there are people living who need medical care and it is not available. That is only part of the story. There is likewise a movement of population to centers of population, where there is money. The report of one of the previous witnesses mentioned that there is an unbalancing of the age groups which are still living in the country. In most rural districts we find children, we find old people, but we do not find sturdy middle age. Those people move away.

The CHAIRMAN. Is that observation based upon surveys made since the defense program came into existence?

Dr. SCHROEDER. No; that is old.

The CHAIRMAN. The defense program has affected the younger people, hasn't it?

Dr. SCHROEDER. It has made the situation worse.

The CHAIRMAN. Do you believe that the developments in the past two decades, such as automobiles and roads, have in any way affected the existence of the rural church?

Dr. SCHROEDER. I don't think so.

SHORTAGE OF MINISTERS

The CHAIRMAN. How do you account for the shortage in ministers?

Dr. SCHROEDER. The economic considerations make it next to impossible for farmers who are perhaps tenants or farm owners with low incomes to maintain an expensive voluntary organization, so they simply let the minister go. I have observed this in the State of Pennsylvania, where after each depression the vacancies—and 80 percent of the churches are Lutheran—grew up to 15 and 20 percent of the total number of congregations. I have noticed something similar here in Nebraska, and I have studied it from 1890 to 1940.

The CHAIRMAN. And you would say it is economic forces and economic handicaps rather than the so-called luxuries of life that are bringing this about?

Dr. SCHROEDER. The luxuries of life have nothing to do with the church anywhere.

The CHAIRMAN. You said there was a shortage of ministers. Aren't they available from the schools? Or is it that the churches cannot maintain them?

Dr. SCHROEDER. The churches cannot maintain them. I would give as a reason—and again I refer to the splendid testimony that came just before me—the fact that the farmers themselves and the schools of the State, whether State university or normal schools or church-related schools, are training our boys and girls away from the farms. The parents, who live on the farms, don't want to see their children have the same hardships that they had.

The CHAIRMAN. You think there has been overemphasis, then, on the part of parents saying: "We want to give you the opportunity of an education so you won't have to farm."

Dr. SCHROEDER. And the schools have not had sense enough to see the mistake of that advice. They go out and gather the children into the colleges and hold up before them the urban ideal of perfection. The country is something to be shunned and avoided. They are told to go where the lights are and streetcars are running.

The CHAIRMAN. In that connection I want to say the witness who just preceded you represents an institution that has been teaching the contrary of that, and doing it in a most splendid manner. I think that the Nebraska School of Agriculture is one of the finest institutions in the State.

PROBLEMS OF THE RURAL CHURCH

Dr. SCHROEDER. That gentleman spoke about the stone wall beyond which the school cannot go, but a stone wall which some of the other institutions do not recognize. They just walk around it. We have the Department of Agriculture in Washington, we have our State colleges. They are doing their level best to keep more of the young people on the farms, but it is these other elements which cross their intentions. So that I may not be misunderstood, these schools are doing their level best. So far as the churches are concerned, they do not see eye to eye with these institutions. They see their missionary program either in the foreign countries or in the city. The rural church is a stepchild among the denominations. Again I make exceptions: In the Catholic Church, the Mennonites, and the Church of the

Brethren, the rural church and its problems are recognized. It is the other denominations that are not taking it seriously. It is a stepchild; that is all.

The CHAIRMAN. Are any of the other denominations beginning to approach the problem?

Dr. SCHROEDER. They are, but in a half-hearted way. It is the individuals within the denominations who are in it heart and soul, but the headquarters, the administrations of the denominations cannot see eye to eye with these individuals. That holds true in the Federal Council of Churches of America. They have a committee on the rural church, but as I said before, it is a stepchild even in that organization.

The CHAIRMAN. Ministers with more training and more opportunity have been called to city churches. Isn't that true?

Dr. SCHROEDER. They look to the city church as the ideal.

The CHAIRMAN. And their best leadership hasn't centered around the problem of the rural church.

Dr. SCHROEDER. By and large they say this: "What has the country to offer us? Shall we throw away our talents?"

It is the type of education which we give to our young people which makes them dislike the country.

The CHAIRMAN. Reverend Schroeder, have you been here all day?

Dr. SCHROEDER. I have been here since noon.

The CHAIRMAN. You have an idea of what we are driving at here, in connection with the Government program generally, and particularly defense. Do you have any suggestions or recommendations that you would like to make to this committee to carry back to the Congress?

Dr. SCHROEDER. Yes; as I said a little while ago, there is a great number of individuals who are heart and soul in this work to do their best for the rural ministry and the rural church, and the Department of Agriculture and the State colleges are trying to work hand in hand with the local churches, and they realize that the rural church is one of the dynamic forces that is left to organize the neighborhoods and communities into some sort of expression of the ideal life. So far as individuals are concerned, they work with the Department of Agriculture and the State colleges, but it is the leadership in the different denominations which is not seeing that way, and if there would be a way that the Government could induce the denominations to pay as much attention to the sparsely settled districts and to the dispossessed in the rural districts as they do to the dispossessed in foreign countries we would get somewhere.

The CHAIRMAN. Of course, the Government can't tell the denominations what they are going to do.

SCHOOL OBJECTIVES

Dr. SCHROEDER. We direct the courses of study and make certain requirements which a person should meet if he is to attend college. The testimony here has brought out that the Curtis School of Agriculture is teaching the youth for the life of that section of Nebraska where they come from. Every school should have that objective. If you take the catalogs of our schools and colleges, how many courses are there to lead children back to the rural communities where they may provide the leadership which the country needs? They always go out and tell

the young people to go to the cities and simply leave the country without that good material, some of which ought to go back there.

Let me state it this way: Any farmer who wants to get use out of his land must return to the soil some of the strength by fertilizing or by crop rotation. We have taken crops of the young people in our country year after year, generation after generation, and not returned the protection needed to fertilize that human soil. It is an erosion which is worse than any soil erosion that I know of. We talk much about the 5-percent soil erosion of the land in Nebraska, but there is a 25-percent human erosion that we talk little about. It is the schools that are responsible for that. I believe we would not be going too far to ask the Government to see that those schools will fit themselves into the situation where they claim to be educators.

The CHAIRMAN. We thank you very much, Dr. Schroeder, for your presence here, and the committee would be glad to receive from you a formal statement to be inserted in the record.

(The following statement was received subsequent to the hearing.)

BOARD OF AMERICAN MISSIONS,
UNITED LUTHERAN CHURCH IN AMERICA,
Lincoln, Nebr., November 26, 1941.

Hon. JOHN H. TOLAN,
Chairman, Committee on Defense Migration,
House Office Building, Washington, D. C.

MY DEAR MR. TOLAN: In connection with your committee hearing at Hastings, Nebr., investigating national defense migration, I was requested to submit a formal statement covering my observations in regard to the effects of the defense program upon the rural community and in how far the church is involved in preserving or establishing wholesome conditions for the rural population. These comprehensive questions have to be approached along the line the inquiries were addressed to me during the hearing, which I shall try to follow.

I. HAS DEFENSE MIGRATION IN ANY WAY AFFECTED THE STABILITY OF THE RURAL CHURCHES?

The rural church situation is one which has been more or less precarious ever since the turn of the century, owing to the increased labor attractions of the city on the one hand and the machination of farm labor on the other. This has taken from the rural communities its youth beyond high-school age, leaving the farm in many instances to the aging generation or what there is of minor children.

Another epochal set-back came with fortunes and misfortunes of the post-war period during the 1920's with its increasing shift from operator-ownership to tenancy. This trend seemed to have slowed down during the past few years, owing to Government assistance in rehabilitating worthy and deserving farmers. The defense program has called a halt to this development and the losses to the rural churches are again very marked. Churches which once upon a time were fully self-sufficient in their existence and strong supports for the church's missionary and educational endeavor, in fact, its very backbone in many cases, are now so disrupted that their continuation is gravely doubted.

The attractions which country life once had are mostly gone, in spite of the modernization of the farm in so many instances. To strengthen the newly recognized and developing attractions of American farm life is a task in which Government and the church can cooperate, as indeed it has already been successfully demonstrated through such instances as the homestead project at Granger, Iowa; the rural-life courses for church workers at various State colleges; and the research and extension facilities of the United States Department of Agriculture and its branches.

Under the present circumstances, the depopulation of the rural districts is not only seen in the shortage of youthful farm labor but also in the inability to secure doctors and ministers in sufficient numbers and qualification to care for the physical and spiritual needs in the sparsely populated areas. The reason is mostly

an economic one. The search for material security is too urgent an element than that it could be ignored by private individuals or enterprises unaided by centralized authority and means.

Let it be said here that farm subsidies, though primarily meant for agricultural readjustments in the narrower sense, were of immeasurable great benefit to those who served the farmer in professional ways, such as the doctor and the minister. Before that assistance had become available, many churches were on the verge of dissolution but recovered under the general Federal-assistance plan.

A study of shifts among rural pastors over a period of 50 years has shown that the man serving the rural parish is the first among the clergy to feel the effects of economic reverses, and who must leave his charge pastorless for want of support. Inadequate resources, a condition which is seldom known to the urban community, in men, money, and equipment, make the rural church susceptible to easy dissolution. Saying this, immediately the question arises, Is the rural church really such an essential factor in adjusting farm-labor migration? The answer to this question is necessary to point out its strategic position in the Nation's social and economic life.

II. WHY SHOULD THE COUNTRY CHURCH BE OF NATIONAL IMPORTANCE?

1. The open country is the only place from which our Nation derives its net increase in population with greater certainty than from any other region, except for the smaller towns. Urban areas do not reproduce themselves. It is this net increase from which leadership is continuously drawn and which, consequently, will shape America's destiny. Erosion among the country's population will prove much more serious than any erosion of the soil upon which these people live. It is here where the church fulfills a national task for which she needs understanding on the part of those who likewise have the Nation's welfare at heart, so that both may cooperate in preserving the benefits derived from favorable farm-home family life.

2. The country church is the last institution left which is able by its very nature to fortify the American family, the foundation of national welfare, where it is admittedly the most wholesome, that is, on the farm. With the gradual abolition of the small district school in favor of consolidation in towns or distant places, this once centralizing agency of neighborhood and rural communities is being removed, leaving the church as the last spiritual stronghold to teach the American way of life in rural isolation.

III. WHAT HAS THE CHURCH DONE TO STRENGTHEN RURAL LIFE?

Apart from the Catholics, the Church of the Brethren, the Mennonites, and such communions which are historically rural, the Protestant churches have not yet exerted their full strength in behalf of their rural adherents or the unchurched rural masses in general which have been estimated at 30,000,000. The rural church, so it appears, is the stepchild in their family of congregations.

However, among these groups there are many individuals and voluntary or official organizations which are doing their utmost to stabilize country life through ministerial services, leading among which are the members of the town and country committee of the Home Missions Council of North America, the American Country Life Association, and numerous agricultural State and Federal officials.

A serious drawback to rural work by the churches is the tendency on the part of colleges and universities (except those which exist primarily for agricultural purposes) to take the youths of the countryside and direct their idealism to urban life, with few of their number ever returning to the place they came from to serve as civic or religious leaders. This has led to a human erosion which only governmental insight will be able to stop.

IV. WHAT CAN THE CHURCH DO TO SERVE THE MIGRANTS AND PROMOTE WHOLESOME COUNTRY LIFE?

1. Two postulates must be accepted before a plan can be devised:

(*a*) The church must recognize its strength as a social and economic dynamic by stressing Biblical ideals of community living. The Mormons have done this successfully and thereby demonstrated the practicability of such policy, though modern Protestantism has greatly evaded the subject as being outside the field of religious responsibility. Whatever efforts have been put forth, they are insignificant in comparison to other endeavors of the church, as, for instance, foreign missions.

(*b*) It must also be recognized that, while there is a strict separation of church and state in our country in matters of administration, we can no more separate religion from our national existence as we can keep apart religion and conscientious citizenship in the individual life. The two are so closely bound up with each other in everyday life and conduct that a common-sense collaboration of the two should be the natural thing, particularly in the country where church leadership is by comparison far more prominent and important, wherever it exists, than in the urban centers where leadership is shared by the many. In general, the power of religious conviction in civic life must be admitted and wisely utilized.

2. The church and its ministry can be of immeasurable service in the attainment of State objectives by cooperating with Government agencies, encouraging farm ownership, and improvement of community services of various kinds, particularly those that are promoted by the extension services of State colleges in cooperation with the Department of Agriculture. For reasons stated above, the church is the only remaining means to bring the community together for mutual spiritual advancement and direct its realization.

V. HOW MAY THE STATE ASSIST THE CHURCH IN FURTHERING RURAL STABILIZATION

1. By encouraging pastors to assume a community point of view and, in the national interest, to take an active part in the achievement of economic welfare among their charges by stressing the importance of work, thrift, freedom from avoidable debt, individual responsibility, and the benefits of local group cooperation. In other words, the rural pastor should see his opportunity by lowering the number of Government wards, by whatever name they may go.

2. By demanding of secondary schools to train the youth of the country in keeping with the needs of the region in which such schools are located instead of training them away from the soil. Curriculums should include required country-life courses. Church-related schools are in need of such compulsion to observe regional requirements as much as other schools who have robbed the land of its good blood for no other reason than to swell the enrollment. Most of our higher education today is antirural, except as pointed out before. The State could correct this evil, and the church can help.

3. In the carrying out of plans to colonize the now scattered migrant population it is known that such colonization must be on the basis of the homogeneous nature of the settlers if it is to last. Among the binding elements of people, their common religious background is one of the strongest. Here it is where the church can assist the State as nothing else can—to gather the new rural communities around a common church.

4. In stemming the migratory dissolution of American country life the church needs the State, and the State needs the church to safeguard the home. A sensible cooperation without dictation on either part will go far to bring back to the land a settled and industrious people determined to make American farm life the best in all the world.

An ordered preservation and rebuilding of life in the small communities and the open countryside is essential to a world struggling toward a better day. It is the first steppingstone in the ascending democratic way of life.

Respectfully yours,

MARTIN SCHROEDER.

TESTIMONY OF DR. LEO M. CHRISTENSEN, RESEARCH EXECUTIVE, UNIVERSITY OF NEBRASKA, CHEMURGY PROJECT, LINCOLN, NEBR.

The CHAIRMAN. Dr. Christensen, will you give your full name and address for the record?

Dr. CHRISTENSEN. Leo M. Christensen, University of Nebraska, at Lincoln.

The CHAIRMAN. What work are you assigned at this time?

Dr. CHRISTENSEN. I am here on a special assignment in charge of the chemurgy project at the university, which was set up on September 1.

The CHAIRMAN. Set up by the Legislature of Nebraska?

Dr. CHRISTENSEN. Yes. The legislature made a special appropriation to study and determine the possibilities of bringing chemurgic industries into the State.

The CHAIRMAN. How long has that set-up been in operation?

Dr. CHRISTENSEN. It began on September 1.

The CHAIRMAN. Have you gone far enough to reach any conclusions?

Dr. CHRISTENSEN. We have gone far enough to see that there are many possibilities connected with the defense program, because the defense program will make a heavy demand on the farm products which we have available for certain chemurgic industries.

The CHAIRMAN. Will the chemurgic industries have convertible value after defense is over?

Dr. CHRISTENSEN. Yes; definitely.

The CHAIRMAN. We would appreciate it very much if you would prepare a statement dealing with farm chemurgy in its relation to defense and postdefense, and with Nebraska's efforts in that field. Our record will be open for 10 days if you wish to submit such a statement.

Dr. CHRISTENSEN. I will be very glad to prepare such a statement.

The CHAIRMAN. Thank you very much.

(The statement referred to above, received by the committee subsequent to the hearing, is as follows:)

STATEMENT BY DR. LEO M. CHRISTENSEN, RESEARCH EXECUTIVE, UNIVERSITY OF NEBRASKA CHEMURGY PROJECT, LINCOLN, NEBR.

The ideal defense industry for Nebraska is one that at the end of the emergency can be turned to the production of commodities for a peacetime economy. Because Nebraska has little in the way of mineral wealth, it is inevitable that such an industry must be based upon the use of farm crops, which our new irrigation facilities are making more and more plentiful. Thus, such an industry is doubly useful, supplying new markets for farm crops as well as providing new pay rolls.

There are many ways of putting this desirable program into operation. The implements and techniques of modern war are greatly dependent upon chemical industry, and the new defense industries needed and planned are largely of this type. Chemical factories are remarkably flexible and may readily be transformed from one operation to another. Thus it is not especially difficult to plan a program that will perform a most important service for defense and, at the same time, find ready application in the post-war economy.

SMOKELESS POWDER

An example may be found in the case of the manufacture of smokeless powder, and since there has been quite a lot of recent discussion about establishing such a factory in Nebraska, it is pertinent to consider how it might be developed to provide an important peacetime utilization that can furnish permanent employment for men both on farms and in factories.

The manufacture of smokeless powder requires cellulose, ethyl alcohol, sulfuric acid, nitric acid, and a few other raw materials. Of these, ethyl alcohol and cellulose are derivable from present or possible Nebraska farm crops. If these are shipped from outside, then the State has only a temporary industry, but if they are produced here, there is the basis for a permanent industry as well as a stand-by powder plant.

Both cellulose and ethyl alcohol are important raw materials or intermediates in peacetime operations of chemical industry. Both have in the past been made largely from imported raw materials and the normal demand for both has been increasing and will undoubtedly increase greatly in the future. Both are now available in inadequate amounts. Of especial importance is the fact that recent research has shown how they may be made at a cost well below that using the past sources of supply. That is, a domestic production initiated now can readily hold its own in the post-war economy, a fact that can easily be demonstrated.

PLASTICS

One of the presently important plastics is cellulose acetate, made from cellulose and acetic acid, which is easily made from ethyl alcohol by a simple process. Ethyl cellulose is a new plastic that will certainly find wide application. It is made from ethyl alcohol and cellulose, and also requires sodium hydroxide and hydrochloric acid, which are made from salt by the use of electrical energy. We have the electric power now and large salt deposits are nearby. Nebraska has an especially fine water supply for chemical operation.

POSSIBILITIES OF DEVELOPMENT

The history of chemical industry shows clearly that new developments flow steadily from a going business. Thus, with two such basically important intermediates as cellulose and ethyl alcohol in production, a great variety of other products may be expected. One of our present very large chemical manufacturers was, before 1918, almost solely a powder manufacturer.

With the greatly improved crop varieties, better farm machinery, sounder land-use practices, and dependable irrigation facilities, it is logical to expect that Nebraska agriculture will steadily improve in productivity. Couple this with an industrial development that uses these crops and which will maintain city pay rolls and you will have done much toward providing the basis for an enduring prosperity, not just for the present population but for many new workers on farm and in factory as well.

It is not possible at present to make specific recommendations because it is not known how large the smokeless-powder plant will be. Discussions have mentioned a plant that would require 20,000 gallons of alcohol per day. This should be supplied from two alcohol plants, which would cost $1,000,000. They would use, per year, 70,000 tons of grain, for which the farmers would receive about $1,500,000. The two plants would employ directly 120 men. This does not include the farm labor or the labor required in indirect activities such as transportation. Approximately 70,000 acres would be required to produce the raw material used, so that the farm labor would be 5 to 10 times that used directly in the factory.

WORKING CAPITAL REQUIRED

At present, no money would be needed for sales development, so that the only working capital needed would be that to carry plant operations for 30 to 60 days, depending upon the credit basis on which the alcohol was sold, or $50,000 to $100,000 for the two plants.

We are not in a position to make an estimate for the cellulose production, but probably it would be similar to the alcohol development in most respects.

The Nebraska chemurgy project was set up as a result of a special appropriation by the legislature. Work was started on September 1, 1941. The object is to make surveys and conduct research looking toward the establishment of industrial markets for Nebraska farm crops. One project includes field testing of a wide variety of crops that are of interest for such uses, and many callulose-yielding crops will be tested, and methods for recovery of the cellulose from them will be developed. Another is concerned with the production of ethyl alcohol, butyl alcohol, and acetone from the present grain crops, with particular attention to grain sorghums and barley. This project is, therefore, in a position to supply the information needed for a development such as that described above.

There is voluminous technical literature, but the layman will find Christy Borth's Pioneers of Plenty, Bobbs-Merrill, especially useful as an introduction to this field.

Mr. CURTIS. This completes the list of witnesses that has been called. Mr. C. G. Binderup, of Minden, Nebr., is present and has sent up to the desk a written request that he be allowed to testify. Mr. Binderup, you may come forward and proceed. Please give the reporter your full name, and I wish to inform you that if you care to revise your statement and submit a written paper any time within the next 10 days, it will be received. You may proceed.

(At this point Mr. Binderup took the stand. The reporter found it impossible, however, to obtain a sufficient continuity to make a transcription of the testimony. No written statement was received subsequent to the hearings.—Ed.)

Mr. RILEY. Mr. Chairman, at this time I should like to offer for the record six prepared statements received from sources not represented in the testimony at this hearing.

The CHAIRMAN. That will be permitted.

Mr. RILEY. The six papers will be entered in the form of exhibits from the following sources:

Mr. John A. Coover, chief of the Nebraska State Employment Service; Mr. Harry A. Burke, superintendent of schools of Kearney, Nebr.; Mr. Frank A. Anderson, president of the Chamber of Commerce of Holdrege, Nebr.; and the A. H. Jones Co., of Hastings. A sixth exhibit, for which we are reserving an exhibit number, will be received in a few days from Mr. Roy M. Brewer, president of the Nebraska State Federation of Labor.

The CHAIRMAN. The hearing will stand adjourned.

(Whereupon, the committee adjourned, subject to the call of the chairman.)

EXHIBITS

Exhibit 1.—Labor Recruitment in Nebraska

REPORT BY JOHN A. COOVER, CHIEF, NEBRASKA STATE EMPLOYMENT SERVICE, DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE, LINCOLN, NEBR.

The Nebraska State Employment Service, through its 18 local offices in the State of Nebraska, had an active file total of 43,015 peresons who were available for work and seeking work, as of November 1, 1941. Of this total, 31,645 were men and 11,370 were women. The distribution of these peresons by the 18 employment service offices in the State is indicated below.

Nebraska State Employment Service local office	Total active file	Total men	Total women	Nebraska State Employment Service local office	Total active file	Total men	Total women
Alliance	387	322	65	Kearney	775	597	178
Beatrice	2,220	1,768	452	Lincoln	5,371	4,340	1,031
Chadron	230	201	29	McCook	407	300	107
Columbus	1,347	1,036	311	Nebraska City	480	341	139
Falls City	468	381	87	Norfolk	2,157	1,681	476
Fremont	961	773	188	North Platte	474	330	144
Grand Island	4,731	3,682	1,049	Omaha	19,093	13,393	5,700
Hastings	1,890	1,383	507	Plattsmouth	120	71	49
Holdrege	416	326	90	Scottsbluff	406	276	130

The total active file of persons seeking employment through the Nebraska State Employment Service for each of the calendar months of 1941 is shown below:

Month	Total	Men	Women	Month	Total	Men	Women
January	45,900	37,379	8,521	June	46,337	35,769	10,568
February	48,086	39,138	8,948	July	44,770	34,051	10,719
March	47,591	39,079	8,512	August	43,818	33,264	10,554
April	50,997	40,458	10,539	September	43,710	32,741	10,969
May	49,552	39,811	9,741	October	43,015	31,645	11,370

It should be noted that the active file does not include all persons who are employed and who are available for job openings. It should also be noted that a certain proportion of persons seeking work through the State employment service are employed. These persons desire to secure different employment.

A report as of October 18, 1941, shows that approximately 2,000 persons are available in the active file of the State employment service for selected skilled and professional occupations which are considered essential to national defense. Again, it should be pointed out that this does not include all unemployed workers who are available for employment in these selected occupations.

During the first 10 months of 1941, a total number of 36,041 placements were made through the Nebraska State Employment Service. This, compared with the total of 29,443 made during the same period of the year 1940, or an increase of 6,608 placements—a percentage increase of approximately 23 percent. This increase is attributed to an increased use of the service by employers, as well as a general increase in the level of employment in the State. Placements of persons in employment outside the State also accounted for some of the increase in the total volume of placements made thus far during the calendar year 1941.

VOLUME OF MIGRATION

In connection with migration out of the State of Nebraska, we estimate that approximately 13,000 workers left the State either to take jobs in other States or to seek employment opportunities in other States. This estimated volume of out-migration covers the 12-month period ending November 1, 1941, and is exclusive of seasonal labor requirements in connection with the harvesting and processing of agricultural crops. Included in the out-migration estimate are building trades' workers who migrated to construction projects located out of the State. It is expected that most of these workers will eventually return to Nebraska. Many will return earlier if employment opportunities are available in the State. The out-migration also includes a large number of young single men who have migrated primarily to the west and east coasts for employment in defense industries. In connection with this group of migrants, we believe that a large number will return to Nebraska if and when employment opportunities become available. While it is characteristic for labor to be attached to a given industry, and, in fact, to a given employer, we do not think this attachment can be made in a period of less than 4 to 5 years. With the uncertainties of defense employment for these migrant workers and the difficult living conditions encountered in the industrial areas, we believe that migration is essentially temporary in character and that the workers will return to the State if comparable employment opportunities are available. Our local offices are continually receiving inquiries and correspondence concerning local job opportunities from former Nebraska workers who migrated into other areas.

In connection with total in-migration as well as migration within the State from the farms to the larger centers of population, we do not feel that we have a measure that adequately reflects this movement. We believe, however, that the movement from the farms, not only to cities in Nebraska, but also out of the State, will constitute a serious problem with respect to an adequate supply of farm labor. While the supply of farm labor was adequate with respect to the requirements for the current calendar year, we are fearful that the 1942 requirements may exceed the available supply.

INDUCTION INTO ARMED FORCES

Related to the total demand made on our labor force in Nebraska is the withdrawal from the State of a total of 6,936 men who were inducted into the armed forces within the period November 23, 1940, through October 31, 1941. This figure does not include approximately 2,000 National Guards who were called to service the latter part of December 1940, enlistments in the Army and Navy and related service, and officers who have been called into training. The figure of 6,936 does include, however, some men who have returned from the service to their homes in Nebraska.

There are several reasons why workers have migrated from Nebraska. In the first place, employment opportunities have not been available to hold the workers in the State. Defense contracts have not been available in the volume necessary to provide job opportunities for our reservoir of unemployed labor. In addition, contraction of job opportunities has been experienced, caused by the scarcity of certain materials and supplies, resulting directly and indirectly from the application of priorities. Wage levels in Nebraska, in addition, have not been so high as in other areas. Low levels of farm income, prolonged periods of drought, and general agricultural depression have also contributed to the movement of workers from the State.

POOLED INTERVIEW

During the past 6 to 8 months, nationally known employers have recruited workers from our Nebraska labor market. These employers have worked in each case through the Nebraska State Employment Service, and their recruiting programs were undertaken through the employment service. Points of interview were established throughout the State, and pooled-interview methods were used to recruit labor. Listed below are companies which recruited workers on an organized basis throughout the State, using the facilities of the Nebraska State Employment Service. The estimated number of workers placed with each of the respective companies is also listed:

Name of company	*Approximate number*
Lockheed Aircraft Corporation	800
du Pont de Nemours & Co	65
Consolidated Aircraft Corporation	30
John Deere Tractor Co	15

During November 1941, Boeing Aircraft Co. will recruit labor from Nebraska through the pooled-interview method. This company is seeking highly skilled and professional workers for employment in their aircraft factories. It is expected that other large employers holding defense contracts will recruit labor in Nebraska for their out-State plants.

Large aircraft manufacturing companies have also utilized trainees from commercial training schools to meet their labor requirements. Lincoln Flying School, Morton Aircraft, and Frye Aircraft of Omaha have been able to refer their graduates to employment in aircraft companies.

Effective utilization of the local supply of labor, particularly in connection with the production requirements of the Martin bomber plant, requires training of various types to qualify workers to the level of needed skills. To achieve this level, preemployment training is being undertaken through the defense training courses sponsored by the vocational education department of the State. In addition, a program of up-grading within the plant will be required.

Training facilities of the vocational education department have been used during the past year and a half for preemployment and refresher purposes. A large proportion of the trainees who have completed these courses have secured employment in defense industries in other States.

With respect to training courses which are offered at the present time in Nebraska, we are listing below the location, the name of the course, and the number of trainees for each training project.

Location	Name of course	Number of trainees
Beatrice	Aircraft sheet metal	20
Do	do	20
Fairbury	do	19
Do	do	14
Kearney	Acetylene and electric welding	19
Do	Aircraft sheet metal	20
Lincoln	Machine shop	9
Do	do	15
Do	Foundry	6
Do	do	22
Do	General and electric welding	8
Do	Acetylene welding	8
Nebraska State Teachers School	Automotive electricity	9
Do	Automobile mechanics	26
Do	Production machine tool operating	27
Do	Industrial electricity	9
Do	Pattern making	8
Nebraska City	Aircraft sheet metal	18
Norfolk	do	19
North Platte	do	15
Omaha	do	21
Do	do	11
Do	do	12
Do	do	23
Do	Foundry	16
Do	Machine shop	34
Do	Pattern making	15
Do	Oxyacetylene and electric welding	17
Do	Aircraft sheet metal	21
Do	do	24
Do	do	23
Do	Machine shop	35

Two specific defense-training agreements have been worked out with defense employers. A power sewing-machine course is being started very shortly to supply power sewing-machine operators. Defense training courses in the city of Omaha, sponsored by the department of vocational education, were planned to meet specifically the requirements of the Martin bomber plant which is located in that area.

While Nebraska has lost a portion of its labor supply to defense industries in other States, a relatively large supply is still available in the semiskilled and unskilled classifications. There are shortages in certain highly skilled occupations. These shortages, however, are Nation-wide in character and are not limited to the Nebraska labor market.

In connection with the construction of the bomb loading plant at Wahoo, Nebr., it is anticipated that no difficulties will be encountered in furnishing the required labor force. Also, the semiskilled and unskilled labor requirements for production in both the Martin bomber plant at Omaha and the Wahoo bomb-loading plant can be adequately supplied from local sources. Certain classes of skilled and professional workers required for the operation of these plants will have to be recruited from sources outside the State.

Exhibit 2.—Migration from Nebraska, as Seen from the Viewpoint of Labor

REPORT BY ROY M. BREWER, PRESIDENT, NEBRASKA STATE FEDERATION OF LABOR, GRAND ISLAND, NEBR.

The migration of labor from Nebraska, December 1, 1941, is a subject to which I have given a great deal of thought. Fundamentally there are two basic reasons why workers are leaving Nebraska. The first is that some of them cannot get jobs here and the other is that many of them cannot get jobs at a decent standard of living. For those who cannot get jobs of any kind the problem goes back to the farm problem about which you heard so much testimony, but I will give you briefly now my opinions with regard to the farm situation in Nebraska for what it may be worth to you. First of all it might be well to say that I was born and raised in Nebraska and have lived here all my life. My paternal grandfather homesteaded in Hall County near Cairo and my maternal grandfather homesteaded in Greeley County near Scotia, and I have never had to consider any problems except from a Nebraska viewpoint.

RAINFALL CYCLES

I think that in considering the basic farm problem in Nebraska it would have to be recognized that the economy of this State was shaped, for the most part, between the years of 1900–25. At the turn of the century Nebraska was still pretty much a pioneer State, but 25 years later it had taken its place among the other States of the Union as a substantial agricultural community. I think the records will show that during this period of 25 years Nebraska went through a period of above normal rainfall. This has had the effect of encouraging the farmers to plant crops that were not properly adapted to continued cultivation in this State over a long period of years. In 1934 we had a severe drought, which was more or less Nation-wide. However, in Nebraska this year of drought was followed by a number of subsequently very dry years. The moisture in the deep subsoil which Nebraska has was not replenished through this period of years, and as a result the crops which had previously yielded a substantial return on our Nebraska farms did not yield that return during the years from 1924 until the present year of 1941. It seems to me that this is going to be a more or less normal condition in our State and that any future planning should be on the basis of a careful study of the cycles of recurring wet and dry periods.

EFFECT OF DROUGHT

Now, naturally this drought situation which has lasted 8 years has had a serious effect upon the economy of the State. With a few exceptions all of the communities in Nebraska are trading centers which live for the most part on the agricultural economy of the State, and when the income of these farmers was substantially reduced trading centers suffered, work became scarce, and men began to seek employment elsewhere. When the defense program started Nebraska did not have as much direct participation in this defense program as some of the other States, but I think it important that you bear in mind that the defense program has not in any way lessened the employment opportunities of the State but has naturally increased them. The largest employers of our State are the railroads, and railroad employment has increased substantially since the defense program, so that men are leaving the State of Nebraska not necessarily because there are fewer opportunities than there have been in the past but because additional opportunities are opening up elsewhere and many times at much better wages than they can receive in Nebraska, which brings me to the second reason why men are leaving Nebraska.

LOW WAGES

I have stated, and have never been successfully contradicted, that the wages in Nebraska have been the lowest of any State in the northern tier of States. I don't think this statement can be successfully contradicted, which just about answers the question of why men are leaving for better jobs. The reason why the wages have become so low in Nebraska, of course, is partly due to the drought

situation on our farms. But, of course, these industrial plants which exist in Nebraska cannot justifiably claim the drought as the reason for their low wages, their real reason being that they can make more money, they think, by paying less wages; and up to now they have been successful in getting away with that type of program.

UNIONIZATION

A very important factor in this problem of wage rates in Nebraska is the lack of unionization. Up until 1937, when I, as president of the State Federation of Labor, began a program of organization for this State, there were practically no unions of any importance outside of Omaha and Lincoln. Now we have central bodies in nine of the key cities of the State and in every center of any importance organizational activity is being carried on. This has improved the wage conditions somewhat, but naturally it is going to take time to change the situation on a broad base, which is the only way it can be effectively done. The lack of unionization can be traced, I think, primarily to the activities of the former Businessmen's Association of Omaha, which back in 1921 was successful in placing on the statute books of Nebraska a law known as the anti-picketing law. Over the 20 years which this law was operative it strangled trade-union development in this State. As a result employers were able to take full advantage of the economic situation of the workers brought about by the general depression and the recurring drought in our agricultural communities. Subsequently the employers launched an advertising campaign known as the white spot—a campaign which, while praised to the skies by the employers, was deeply resented by the inarticulate masses of workers because the white-spot campaign in effect was telling to the world that employers could come to Nebraska and obtain labor at low rates. This campaign, as well as other employer efforts to discourage workers from bettering their conditions, have created a state of mind on the part of the workers that has caused them to give up hope of ever getting decent working conditions in this State.

LACK OF DECENT WORK STANDARDS

The testimony of some of the Hastings employers before your committee was in my opinion rather ridiculous, in that they completely avoided the real reason the workers are leaving. The men who testified in Hastings that they were losing workers are losing them for only one reason, and that is because they have completely disregarded the welfare of their employees. One of the employers who testified that he was losing employees, the representative of the Dutton-Lainson Co., has been paying men working on the defense work as low as 30 cents an hour for a 40-hour week, or a total weekly wage of $12, less social-security tax. These employees are grossly intimidated and are fearful of making any effort to better their conditions by organization, as I have in my files anonymous communications from one of the employees of this plant with a list of the names of those who want to join but are afraid to come to a meeting, giving me instructions as to how to contact them individually in their homes. Because of the attitude of such employers, the workers of this State have lost hope of any decent working conditions in Nebraska, and they are looking elsewhere for employment. The defense emergency has given them the opportunity that most of them have been waiting for for years, and the employers of this State might as well recognize, as must your committee recognize, that they are not going to get employees to stay and work on defense work for the wages which Nebraska employers have been paying them, particularly in Hastings. Again I want to bring out that the psychology that is prevalent among the workers that they can't obtain decent working standards in Nebraska has been in a large way responsible for much of the migration. Our State has been very backward in the passing of proper legislation to protect the interests of the wage earners, again through the efforts of employers, and all of these things add up to the fact, in the mind of the average worker of this State, that the sooner he can get out of Nebraska and get established elsewhere the better off he will be. I think that in appraising the situation your committee can and must take these matters into consideration if they are going to arrive at any proper conclusions.

Exhibit 3.—School Enrollments in Kearney, Nebr.

REPORT BY HARRY A. BURKE, SUPERINTENDENT OF SCHOOLS, KEARNEY, NEBR.

The enrollments in the various schools for the past 6 years, as of the close of the second week of school, are tabulated below:

	1936	1937	1938	1939	1940	1941
Bryant	192	183	181	199	193	164
Emerson	203	185	211	205	201	169
Kenwood	216	197	190	193	189	178
Whittier	244	251	286	263	282	276
Morning kindergarten [1]	32	26	35	26	32	30
Afternoon kindergarten [1]	48	48	41	55	39	36
Total elementary	935	890	944	941	936	853
Junior high	511	471	484	461	461	476
Senior high	619	589	585	596	566	518
Total public schools	2,065	1,950	2,013	1,998	1,963	1,847

[1] Kindergartens held at the college.

Zion Lutheran	27
A. O. Thomas (exclusive of kindergartens)	42
St. James	93
Seventh Day Adventist	2
Total	164
Total enrollment in Kearney (including parochial schools)	2,011

The table above reveals the obvious fact that there has been a loss in public-school enrollments in the city of 111 students, or 5.8 percent—the elementary schools showed a loss of 10 percent, the junior high school an increase of 3.5 percent, and the senior high school a loss of 8.5 percent. The junior and senior high schools may be said to be normal since the drop in enrollment in the high school was expected to follow the loss in elementary school enrollments which has occurred during the past 10 years due to the lowered birth rates both in the State and the Nation. The junior high school received a large sixth grade from the elementary schools, a fact which accounts for both the loss on the lower level and the increase in the junior high school. However, this was the first time in 6 years that the enrollment in the elementary schools had changed to any marked degree. The most serious losses have occurred in the Bryant district where a loss of 29 students was registered, and in the Emerson district where 32 students less were enrolled. The Kenwood enrollment is down 11 students and the Whittier school 6. The losses in the elementary school are entirely accounted for by the movement of families with large numbers of children living in the east side of the city to work in the defense centers. The kindergarten enrollment for the city is 109 students as compared with 144 a year ago. The latter figure was almost normal for Kearney. In 1939 the kindergarten enrollment was 122.

The conclusion to be drawn from the above data is that approximately 5 percent of the families having children in school have moved from Kearney since a year ago. The loss in population due to the defense activities, of course, is temporary and will be regained when normal conditions set in again. Another factor to be noted is that the bulk of the loss has occurred in the Emerson and Bryant districts. The decrease in Work Projects Administration activities and the removal of Work Projects Administration headquarters from Kearney to Hastings has been a contributing factor in this loss of enrollment.

THE SCHOOL CENSUS

The school census has been brought up to date over the summer and every case of delinquency in attendance has been checked or accounted for. No

special work permits have been granted. Only 5 students needed the attention of the truant officer because of their failure to enter school. The truant officer activities have been reduced markedly over the years, a factor due to the accuracy of the census, promptness on the part of administrative officers in checking absence, and the cooperative attitude of the police department and juvenile court headed by Judge Wilson. Eight years ago some 75 students needed the attention of the truant officer or the county court in order to bring them in to school.

In connection with the census it should be reported that the drop in enrollment was reflected by the census completed last June. A year ago the census was 2,912 and this year the official census was 2,734. This loss of 178 was a forerunner of the lowered school enrollment. A fact of unusual interest is that the largest number of 21-year-old people ever recorded in the history of the city was removed from the census this year. A total of 223 people became 21 years of age this year as compared with 149 the previous year.

The board of education is again reminded that the method of keeping the census up to date daily in the central office makes a very accurate instrument by which to diagnose any changes in the city's population. The central office brings the census up to date each Saturday morning. Its accuracy has been improved to the extent that it is now practically 100 percent reliable.

NONRESIDENT ENROLLMENT

The enrollments of high school nonresidents during the past decade are as follows:

1941	114	1936	144
1940	109	1935	138
1939	113	1934	118
1938	114	1933	128
1937	124	1932	126

It is surprising to note how well the nonresident enrollment has stood up for the year. In other words, the board will suffer no loss of revenue from this source.

Another interesting trend is the increasing number of elementary children enrolling in the Kearney schools because of the closing of their own schools in the country. Many rural parents have resisted the opening of their home schools because of the superior opportunities offered in the Kearney organization.

SCHOOL TRANSIENCY

The following table derived from the school census indicates the income and outgo in the school system since May 31, 1941:

Incoming students during summer 1941

School	New to Kearney	Previously in Kearney	Total
Senior high school	20	1	21
Junior high school	16	14	30
Elementary schools (grades 1–6)	46	26	72
Elementary schools (kindergarten)	2	10	12
A. O. Thomas school (grades 1–8)	4	0	4
A. O. Thomas school (kindergartens)	13	12	25
St. James Parochial (grades 1–8)	3	0	3
St. James Parochial (kindergarten)	1	5	6
Zion Lutheran	2	1	3
Total	107	69	176

Analysis of losses and additions during summer 1941

Source	Outgoing students (removals)	Incoming students (new)	Source	Outgoing students (removals)	Incoming students (new)
Arizona	2	1	Oregon	5	1
Arkansas	5		South Dakota	2	
California	18	8	Washington	8	
Colorado	13	13	Washington, D. C.	1	
Idaho	1		Wyoming	5	7
Indiana	2		Other towns in Nebraska	107	67
Illinois	6	4	Rural (near Kearney)	9	14
Kansas	8	8	Kindergarten (not registered last spring)		35
Kentucky		2	Missed in census (grade 1 pupils who did not attend kindergarten)		9
Minnesota	1				
Missouri	6	2			
New Mexico	4				
North Carolina	1				
Oklahoma		5	Total	204	176

It may be of interest to note that 176 students came to Kearney during the summer as compared with 153 last year. The removals from the city total 204 as compared with 157 last year. The enrollment figures indicate that an additional 55 students had removed from the city previous to the closing of school last spring. The above table also indicates the place to which families have moved. People have a tendency to stay in Nebraska if possible, but California and Colorado still draw the bulk of Nebraska's population. For the first time in a number of years Kearney has definitely lost in the exchange which takes place between incoming and outgoing population.

Within the city, there has been a tendency to transfer to the Whittier School from other elementary districts. The movement from and to the parochial schools to the public schools has remained constant over the years, although the parochial schools have suffered more because of loss in enrollment.

Exhibit 4.—Benefits of Irrigation in Holdrege, Nebr.

REPORT BY FRANK A. ANDERSON, PRESIDENT, HOLDREGE CHAMBER OF COMMERCE, HOLDREGE, NEBR.

In 1940 a survey of the city of Holdrege, Nebr., and its trading area, was prepared entitled "A Municipal, Industrial, and Commercial Survey of the City of Holdrege, Nebr." The statistics were compiled to August 1, 1940. A copy of that survey is herewith presented to this committee.[1]

In a short space of time it is not possible to revise that survey in its entirety to bring it to date in all of its particulars. However, this committee probably is not interested in all of the details of the survey. Accordingly, therefore, we have rechecked some of its portions and submit herewith up-to-date statistics upon some of the parts in which we believe this committee does desire information.

Holdrege is in a different position from a great majority of the municipalities in Nebraska. It is true that the territory surrounding Holdrege is entirely agricultural and that Holdrege has no other resources than agricultural ones, and it is also true that the Holdrege trading area has suffered the same failure of agricultural crops as other portions of Nebraska, but the shock of that blow has been greatly tempered by the income from the labor which has been furnished to its people by the construction of the tricounty irrigation district, and by the money which has come into the channels of trade from those employed directly and indirectly by that project. The shock of that blow has also been tempered by the hopes of our people that irrigation will not only restore this country to its former agricultural productiveness but that the results will actually far surpass anything we have ever known.

[1] Held in committee files.

AGRICULTURAL POSSIBILITIES

The pet slogan of the central Nebraska (tricounty) public power and irrigation district for the last year or two has been "irrigate or migrate." Because the project is very new and was not scheduled to go into full operation until 1942, it has not greatly affected immigration into this terriory, but it has checked the migration of farmers from the area—an area which, as stated before, suffered heavily during the 10 preceding years from drought. As a result of experimenting with irrigation in 1940 and again in 1941, many farm owners feel that they will have to divide their holdings into smaller tracts as the irrigation increases, since irrigation calls for more intensified and diversified farming. This will tend to greatly increase the rural population. This has happened in other irrigated sections and should occur here. The Holdrege Chamber of Commerce is awake to this situation and is doing what it can to educate farmers of other dryland farming sections to the possibilities of this irrigated section, comprising as it does some 220,000 acres of irrigable land. Reference to the map attached to the survey shows that Holdredge lies strategically in the center of this irrigated district and naturally should greatly benefit from improved agricultural conditions.

It is believed that irrigation will bring new crops to this section, such as alfalfa, sugar beets, commercial vegetables, soybeans, etc. With increased crops should come an increase in cattle, hogs, and sheep. The production of milk, butter, cheese, eggs, etc., should increase noticeably. If the increase in all of these items is sufficient, as we believe it will be, local processing plants will be needed to care for this production. This territory now has an abundance of pure, cold water, electrical power, railroad and highway transportation, and other facilities to care for any and all kinds of processing plants.

PRESENT RESULTS

As evidence of this faith in and hopes for the irrigation development, Holdrege has shown an increase of 100 people in its population during the past 10 years. This is not large but when the decrease in population of many Nebraska municipalities is considered, it is very flattering.

Also in Holdrege, rentals are higher than previously. A number of folks, who are employed by the project, have purchased homes in Holdrege. To manage the irrigation system, three field offices are maintained in the area and from that source a sizable pay roll is furnished to the Holdrege trading area.

Because of the project, other enterprises are being attracted to this territory. Four contractors are now working in the area with land-leveling equipment. Hybrid seed corn companies and sugar manufacturers are keeping in close touch with the development of the area and are planning to operate in the irrigated section during 1942.

We would like in this connection to impress upon this committee the thought that if sugar beets work out satisfactorily here, as we believe they should, that it may be necessary for Congress to amend its laws so as to permit the expanded development of sugar beets in this territory.

NEW CONSTRUCTION

Holdrege can report that during the past 12 months there has been constructed in the city 13 residences costing a total of $68,900, or an average per residence of $5,300. There has also been constructed a motor court and restaurant costing $25,000. There have been 6 major remodeling jobs, totaling $12,700, or an average for each residence of $2,117.

LABOR

The laboring people remaining in Holdrege have been busy. It has been somewhat difficult to secure labor as needed. The reason for this is that 80 laborers have left here to secure work on defense projects of various kinds. An exact table of those leaving, showing occupations, ages, direction, etc., is

herewith submitted through the courtesy of the Nebraska State Employment Service:

Number	Occupation	Ages	Direction	Length	Wages
25	Aircraft	18-30	West coast, California.	Regular	60 cents per hour.
8	do	21-30	East coast, New York-Maryland.	do	Do.
16	Carpenters	35-60	West coast, Oregon-Washington.	do	$1-$1.12½.
6	Foreman	30-50	Southeast, Arkansas-Kansas and Missouri.	do	$1.33 per hour. $30-$60 per week.
4	Carpenters	35-50	Kansas	6 months	$1 per hour.
1	Cost clerk	32	do	Regular	$60 per week.
2	Foreman	30-35	do	do	$50 per week.
2	Office workers	23-28	do	do	$40 per week.
1	Office manager	29	South Carolina	do	$45 per week.
1	Junior draftsman	21	Illinois	do	$30 per week.
1	Junior rodman	25	Pacific Islands	do	$200 per month.
1	Civil engineer	37	Panama Canal	do	$300 per month.
1	Mechanic	43	Omaha	6 months	90 cents per hour.
6	Euclid drivers	21-36	do	do	80 cents per hour.
1	Greaser	31	do	do	75 cents per hour.
1	Truck driver	31	do	do	80 cents per hour.
3	Tractor operators	28-30	do	do	$1.12½ per hour.

It is possible that a few of these have wandered back but the biggest portion have not.

In the agricultural trading area it is reported that it is impossible to secure competent labor for the immediate task of picking corn. This situation is a result directly of the induction into the armed forces of the United States of 157 men from Holdrege and Phelps County. On January 1 of this year Company A, One Hundred and Tenth Quartermaster Regiment, Thirty-fifth Division, made up entirely of men from Holdrege and surrounding territory, was mustered into service. Since then 50 men have enlisted, and 52 men have been drafted. At the same time, 4 men have been deferred from the draft because of being employed in defense industries. The table shows:

Report as of November 10, 1941

Number of men in the National Guard	55
Number of selectees accepted	52
Number of enlisted men	50
Number of men in defense industries	4

In addition to the foregoing, there are the following 91 men covered by draft regulations, who will probably soon be withdrawn from our agricultural territory:

Number of men in Class I-A	23
Number of registrants in class tentative I-A	25
Single registrants to be classified and will no doubt be placed in class tentative I-A	23

Unless, therefore, outside farm operators and farm laborers move into this territory it probably will be impossible, because of less manpower, to materially increase the output of agricultural products as requested by the Secretary of Agriculture.

CONCLUSION

Whether or not those who have left Holdrege and its trading area for jobs in defense industries and for service in the armed forces of the United States, are gone permanently or temporarily cannot be answered except one knows how long this so-called emergency shall last. The longer it lasts, the less likelihood there is of many of them returning. They will have made new contacts which will hold them. On the other hand, new and greater opportunities here will attract new artisans. We sincerely believe, as we wrote recently in the illustrated booklet of Holdrege, that a new era of progress for Holdrege is dawning, and there is opportunity here for those who have the foresight to grasp its possibilities. It is predicted that within 10 years Holdrege will grow from a city of 3,360 people to 15,000 population.

Irrigation will bring numerous new crops and more intensive agriculture. Increased production will abundantly sustain numbers of additional farmers. To serve their needs, tradesmen, artisans, and laborers of all kinds will be required. In addition will be the beneficial results of various processing plants which inevitably must come since cheap and unlimited electrical energy, natural gas, and pure water are available. There apparently is no limit to the pyramiding effects of this new, certain, and assured prosperity.

Exhibit 5.—Automobile Sales in Western Nebraska

REPORT BY A. H. JONES CO., HASTINGS, NEBR.

The above-named firm is engaged in the selling of automobiles, wholesale in about 65 counties, western Nebraska, northwest Kansas, and eastern Wyoming, with retail establishments at Hastings and Alliance, Nebr. This company, with minor changes of interest, represents a continuity of operation in the automobile business since 1905. We own our operating properties at Hastings and Alliance and over a period of years have improved and equipped these properties to handle a normal volume of business under normal conditions. We have an investment approximating $200,000, a present pay roll of about $60,000 annually, a fixed tax liability covering real estate and personal taxes, not including income and so-called social security taxes of about $3,000. We have a definite and continuing charge against our properties for depreciation, obsolescence, maintenance, and a considerable amount of insurance regardless of our volume of business.

Our unit sales are approximately 18 percent retail and 82 percent wholesale. In the calendar year 1940 we sold 1,093 cars of which 600 were sold in the first 6 months, comparing with 696 in the first 6 months of 1941. The 1941 increase was based on two circumstances, to each of which we give about equal weight. First, an improved economic and crop situation (the increase came in May and June) and second, the expectation of higher prices later in the year. Our recent sales have been as follows:

	1940	*1941*
August	22	12
September	73	71
October	99	58
November (partly estimated)	130	58

In December of 1940 we delivered 104 cars whereas our factory allotment for December 1941 is 51 cars. It requires about 80 cars per month throughout the year to enable us to break even and our profits, if any, must come out of sales above that number. Our used-car sales are as follows:

	1940	*1941*
First 6 months	206	277
Last 6 months (to November 26)	179	307

We have on our pay roll at this time 44 people of whom 15 are automobile salesmen, 2 parts and accessories salesmen, 5 clerical, 12 mechanics, 3 executives, and the balance service and miscellaneous. We have dropped from our pay roll in recent months 2 car salesmen and 1 department manager.

Incident to the war program, two of our mechanics went to Washington. One of them stayed and the other returned to Hastings and is employed locally. Also one of our young women went to Washington. Our record for maintaining a continuity of employment has somewhat minimized the apparent attractiveness of these outside jobs and we have been able to hold our force rather well. Our concern at this time is over our ability to continue our people on the pay roll.

Our complaint, if we are permitted to voice one, is that we feel that the curtailment of automobile production has been and promises to be more drastic than absolute necessity requires. It seems to be well authenticated that the War and Navy Departments are accumulating steel far beyond their immediate needs. Furthermore, there can be no doubt that the internal economy of the country is being subordinated to the maintenance of such artificial restrictions as the 40-hour week.

It cannot have escaped the attention of your committee that this drastic reduction in automobiles and light trucks adapted to farm and ranch use was made

on the ground that the material was needed for war production. Recently, however, on a complaint by the Congress of Industrial Organizations that this was causing unemployment in Detroit, the War Department proposed to buy trucks far in excess of its immediate needs to relieve this particular unemployment. It should be obvious that this restriction program will cause vast unemployment over the United States, and we respectfully submit that this situation should be a matter of just as much concern to the Congress as a temporary condition of unemployment affecting one union in Detroit. Our feeling is that a 40-percent reduction from previous volume would release a substantial amount of steel for war uses without destroying the structure of the automobile business and adding one more complication to the reconstruction problem that will face us when the war is over. The income taxes paid by the automobile trade in the aggregate are substantial. A program that would operate to throw all of these out of the window should be approached with caution.

Our second complaint is that this reduction of output has been most inequitably applied. Once again the interests of the big cities and the manufacturers have taken precedence over the country and the aggregate of many small businesses, which aggregate is not small business, the selling and servicing of the country's transportation.

For example, we have before us as we write the permissible production figures for the month of February. The production of Chrysler cars, which represents about half of our interest, is cut 69 percent from last year. The production of Plymouth cars, which represents the other half of our interest, is cut 57 percent. The Chrysler cut is the largest in the industry and for no defensible reason if the interest of the dealer, the small businessman, and the interior of the country has any weight in reaching this decision. The permissible production of all models made by General Motors and Ford is cut 59 percent and Chrysler 60 percent, again the greatest reduction. Over against this, Studebaker production is cut only 22 percent, Hudson 16 percent, and Packard is given a permissible increase of 21 percent. Considering that the normal sale of automobiles might be reduced 25 percent from last year the dealers representing these lines are given permission to sell more cars than they possibly could sell under open competitive conditions. They are given an assured volume, considering the price advance, in excess of their volume a year previous. On what theory this radical discrimination is made we are at a loss to know. Possibly because these manufacturers under open competitive conditions are not able to make much money. If such is the case, it represents the glorification of the inefficient. The fact that Chrysler, General Motors, and Ford have a much higher public acceptance, that these manufacturers are able to build and sell more automobiles and make more money while they are doing it, should not subject their dealers to a drastic discrimination by the United States Government at a time when conditions are most difficult.

There is one more element in this situation in which we are the victims, either of circumstances or of the failure on the part of the gentlemen who plan our economy to take all factors into account. We had a series of very bad years in this territory—deficient rainfall, excessive heat, and poor crops. 1940 was enough better to permit us to do about 80 percent of a normal operation but the cars allocated to us for sale are based on a 3-year average, including 1938 and 1939, in which our business was only about 60 percent of the average of the 3 years prior to 1938. We live in a mercurial territory which is sometimes up but often down and our allocation of cars is based on 1 year in which we had a partial recovery and 2 years which were exceedingly subnormal.

Our State has a motto—"Equality before the law." If a reduction in the number of automobiles produced is absolutely necessary or in the public interest, we should accept that situation and make the best of it. We contend that the reduction should be on the basis of equality applied alike to all manufacturers and their dealers. We contend that the interest of the dealers should be the basis on which the allocation is made. The manufacturer is not hurt. For every dollar of automobile business he loses he is being offered two or three dollars of war business. He has ample offset to his loss of automobile volume. The dealers have none. The dealers' investments, their fixed overhead, their pay rolls, all bear a definite relationship to the business they have done heretofore. There is no equitable reason why a Chrysler dealer should be cracked with a 69-percent reduction and a Packard dealer given a 21-percent increase. There is no equality before a law which gives the Hudson dealer 84 percent of the cars he had last year, which represents an increase in dollar volume considering the

higher price, and then restricting a Plymouth dealer to 43 percent of his previous volume.

If we are to live under a planned economy the continuity of pay rolls all over the country should have just as much consideration in the allocation of steel and other production materials as the temporary condition of partial unemployment affecting one Detroit labor union. We are asking for no favors but we do make our plea for a square deal.

Exhibit 6.—Manufacturing in Nebraska

REPORT BY H. L. DEMPSTER, PRESIDENT, DEMPSTER MILL MANUFACTURING CO., BEATRICE, NEBR.

Our firm is engaged in the manufacture and distribution of farm water supplies; farm implements; and the wholesaling of plumbing and heating equipment; and other items that are essential accessories to our manufactured products

Our principal distribution is in the Middle Western States but our manufactured products are sold in all States of the Union and in the past decade our sales for export have increased to the point where they are an important part of our business.

PROBLEM OF MIGRATION

I consider the problem of migration as very serious to the welfare of our State. The 1940 United States census figures reveal a loss of 62,129 people in the State of Nebraska from 1930 to 1940, or a loss of 4.5 percent of our 1930 population. This loss was in spite of the natural increase for the State of 108,327 births over deaths—this decline being the first since Nebraska was admitted to statehood. I feel that it is pertinent that the loss occurred in the farm population which decreased by 87,123 or 14.9 percent. The rural nonfarm population decreased 40,047 or 1 percent, whereas the urban population, where our present Nebraska industries are located, show an increase of 28,041, or 5.8 percent.

LOSS IN FARM POPULATION

The loss in farm population was without question caused by the drought and unfavorable farm commodity prices. In the 10-year period, 1930 to 1940, the number of farms in Nebraska decreased from 129,458 to 121,062—a loss of 8,396 farmsteads—or 6.5 percent of the total. During the same period the value of farm land and buildings decreased from $2,495,203 to $1,137,808—a loss of $1,357,395, or 54 percent, of the 1930 total. At the same time the value of farm machinery decreased from $150,925,108 to $97,645,085—a loss of $53,280,023, or 35.3 percent.

While some of the farms lost went back to grassland, the average Nebraska farm increased from 345 acres in 1930 to 391 acres in 1940.

It is interesting to note that in spite of adverse conditions in the farm trade territories the Nebraska industries were able to hold or increase the population in the urban communities in which they are located.

SHIFT IN AGE GROUPS

A most important factor indicated by the 1940 United States Census is the shift in age groups. In 1900 children under 5 years of age constituted 12.5 percent of the State's population. In 1940 they amounted to only 7.9 percent. In 1900 those 5 to 19 years of age amounted to 34.8 percent of the population and in 1940 only 26.8 percent. The age group of 20 to 44 did not have much fluctuation, but the group of 45 to 65 increased from 13 percent of the population in 1900 to 21 percent in 1940; and the age group of 65 and over, increased from 3.2 percent to 8.1 percent. These figures indicate the bulk of the migration is of young people which will have a definite economic effect inasmuch as consumation of commodities by children and young people is much greater than that used by the aged.

Migration during the past year has apparently included even a greater percentage of young people which is certain to necessitate readjustments in both agriculture and industry.

INCREASE IN MIGRATION FIGURES

Complete figures on migration during the past 12 months are not available but the partial figures that are available indicate that the migration from Nebraska has been accelerated since the defense program of our country has come into operation.

As nearly as can be determined, the loss in Beatrice and Gage County, for the past 12 months, has been 1,250 people. This figure includes 550 young men in the military service of our country—the balance workers and their families. The total includes 725 young people and 250 skilled workers. In our own business our labor turn-over has shown a marked increase.

LABOR

In 1937 our labor turn-over was 11.3 percent; in 1938, our labor turn-over was 6.2 percent; in 1939, 7.5 percent; in 1940, 15.5 percent; in 1941, up to Nov. 1, 20.5 percent.

Estimates furnished to me by the State of Nebraska, division of placement and unemployment insurance, indicate in the 12-month period, ending November 1, approximately 12,500 workers have left Nebraska for jobs in other States. I feel that it is safe to estimate that at least one-third of these workers had families, and on the basis of the Nebraska average of 3.8 persons per family, the total loss from migration of workers would be 24,148. In addition to that loss, has been the loss of 2,000 active National Guards called up for service. None of these figures include men who have enlisted in various branches of the service—the number of which are not available. The total of these figures, which I believe conservative, is 33,084, or a loss for the 12-month period of over 50 percent of the loss which occurred in the decade of 1930 to 1940.

INDUSTRIAL PRODUCTION

Industrial production in the State of Nebraska decreased from $294,095,463 in 1931 to $273,524,581 in 1939—the latest year for which complete figures are available, and the number of wage earners in industrial plants, not including salaried employees or executives, declined from 23,522 in 1931 to 18,810 in 1939.

The necessary diversion of raw materials from our established industries to defense industries is certain to cause a rapid reduction both in amount of production and number of wage earners employed. The resulting unemployment and the lure of employment in defense areas will tend to increase the rate of migration from Nebraska unless more defense contracts are placed in Nebraska communities.

Incomplete figures show that Nebraska concerns now have defense contracts in the amount of $196,630,860 (plus) with the bulk of that figure being in the contract with the Glenn L. Martin (Nebr.) Co. for bombers. The amount of that contract being $166,261,527. Of necessity, much of that amount will be subcontracted outside of the State. It is our understanding that the break-down of the contract is to be presented to you from another source. Included in the total figure is the $25,000,000 bomb loading plant for Wahoo, Nebr., and with exception of only $267,017.76 in contracts secured by out-State manufacturers, all of the balance has been placed in Omaha and Lincoln, which will tend to shift population from out-State areas into Omaha and Lincoln. This shift, of course, will affect a hardship on out-State communities and manufacturers.

PRIORITIES

The priority system, made necessary by the defense program, will make it increasingly difficult for most Nebraska manufacturers to receive materials as all resources not needed in actual defense work must be made available for essential items. Our particular business is part of the farm equipment industry. The Office of Production Management, in making their survey to determine essential and nonessential items, recognized that the production of food and fiber is second in importance only to the actual production of implements of war, due to the fact that there is a shortage of labor on the farm and also the fact that the past decade has resulted in a marked decrease in value and condition of farm equipment so needed for production of foods and fiber. The Office of Production Management has expressed its intention of making an allocation of materials

for the farm-equipment industry. The details for the allocation system have not as yet been worked out and, for that reason, it is imposisble for us to say just what effect it will have on our business for 1942.

Until the last several months our business was not seriously affected by the priority system for the reason that we had had satisfactory inventories which have been reduced to a minimum and, in some instances, completely exhausted. Inasmuch as the products of our manufacture, especially the water-supply items, are of prime importance in the farm-equipment industry, we are very hopeful that the allocation of materials will allow us to proceed with very little, if any, reduction.

Normally, 25 to 30 percent of our total sales volume represents items that we handle on a wholesale basis, but do not manufacture. The availability of many of these items will be reduced in the immediate future and, while there is no definite information available, I estimate that that part of our business will be reduced by 25 percent for 1942. For example—in reduction of sales of jobbing items, I wish to point out that the sales of pipe in our Beatrice and Omaha branches dropped 36 percent in October 1941 below the sales for October 1940. This loss in volume was due to the inability of the mills to deliver pipe to us for the reason that their production is being consumed to a great extent by defense projects.

You can readily realize the importance of valves and fittings in the water-supply line, and we have been notified by our sources of supply that we will be unable to secure such items in the future, excepting for specific jobs that carry a priority rating. Such rulings will have dire consequences in the plumbing industries in which I estimate 600 to 700 men are employed in this State. Inability to secure materials will place a big percentage of that number on the unemployed list, and it is natural to assume that they will migrate to defense areas where work in their trade is available.

Until such time as the condition of shortage of material is relieved, many firms cannot expect to receive materials for manufacturing nonessential items. This can result only in the loss of employment and, in many instances, failure of the business unless firms can secure defense contracts.

Nebraska manufacturers have received fine cooperation and help from Mr. A. W. Walker, manager of the Office of Production Management, Defense Contract Service, Omaha, Nebr., and Lt. Fred G. Arkoosh, in charge of the Omaha Ordnance Office. A continuance of this cooperation and favorable consideration from others connected with the placing of defense contracts must be had if Nebraska is to be able to conserve and enlarge her present industries to help prevent migration to already overcrowded defense areas.

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